Daily Report

Latin America

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FBIS-LAT-96-092
Friday
10 May 1996

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Daily Report
Latin America

FBIS-LAT-96-092 *10 May 1996*

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Cuba

Cuba: Tribunal Sentences 'Terrorist Commando' to Death

PA0905162496 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 9 May 96

[From the "NTV" newscast]

[FBIS Translated Text] Humberto Eladio Real Suarez has been sentenced to death. On 15 October 1994, Real Suarez brutally murdered Arcilio Rodriguez Garcia while attempting to enter Cuba as part of a terrorist commando from Miami.

The People's Provincial Tribunal of Villa Clara also convicted other members of the commando, who were recruited by counterrevolutionary organizations, for other offenses against state security, including murder and firing at an individual, all part of case number two of 1996.

The Tribunal handed down verdicts for the others accused: A 30-year sentence for (Armando Sosa Fortui); a 25-year sentence for Miguel Diaz Bouza; a 20-year sentence for Jose Ramon Falcon Gomez and Jesus Manuel Rojas Pineda; and a 15-year sentence for (Pedro Guisao Pena) and Lazaro Gonzalez Caraballo.

The law stipulates that the maximum penalties are submitted to the People's Supreme Tribunal and, if ratified, they are submitted to the Council of State, which issues the final ruling.

The others accused can file an appeal to the People's Supreme Court within 10 days of the verdict being handed down. According to the accused parties in the 24 April trial, they all received military training in Florida from the so-called National Democratic Unity Party, PUND, and secretly entered through Caibarien with the purpose of organizing counterrevolutionary gangs in El Escambray.

In the case of Humberto Eladio Real Suarez, the trial concluded beyond a shadow of a doubt that in the predawn hours of 15 October 1994, with an R-15 rifle, he stopped the vehicle in which a group of sports fishermen were traveling and, after forcing them out of the car, he pointed their own gun at them and fired a shot, destroying the skull of Arcilio Rodriguez Garcia.

Cuba: Appeal of 'Commando' Death Sentence To Be Reviewed

PA0905174196 Havana PRENSA LATINA in Spanish 2102 GMT 8 May 96

[FBIS Translated Text] Havana, 8 May (PL) — The Cuban Supreme Tribunal will review the appeal submitted on the death penalty sentence that the Villa Clara Provincial Tribunal imposed on Humberto Raul Suarez, who committed a murder after landing in Cuba as part of an armed commando unit.

Suarez and those accompanying him, who were members of a U.S.-based counterrevolutionary organization, arrived in Cuban territory on 15 October 1994 through the central area of Caibarien, on the northern coast of the country, with the purpose of conducting acts of sabotage and attacking military units.

Suarez killed 34-year-old Arcilio Rodriguez Perez [name as received] as he attempted to seize the car Rodriguez was driving, but was arrested shortly thereafter in the company of commando members. Authorities seized the weapons the commando members were carrying (rifles, pistols, and other military equipment).

The Provincial Tribunal, in addition to handing down the death penalty for Suarez, sentenced the remaining commando members to different prison terms, as a result of the evidence presented before the jury.

According to the existing legislation in Cuba, if Suarez' defense attorneys do not appeal the verdict, the appeal will be considered as having been filed and admitted by the Supreme Tribunal.

If this body confirms the sentence, the appeal will be immediately transferred to the Council of State, which will make the final ruling.

The others convicted will also be able to file appeals before the Supreme Tribunal, in accordance with the existing provisions.

Cuba: Alleged Plot Against Mas Canosa Called 'Farce'

PA0905170696 Havana PRENSA LATINA in Spanish 2035 GMT 8 May 96

[Report by Javier Rodriguez: "A Farce and a Purpose"]

[FBIS Translated Text] Havana, 8 May (PL) — International news agencies disseminated the news, repeated it over and over again, and later also echoed the ridicule.

In Miami, the radio network operated by the most intransigent groups of Cuban origin wore out the ether and the ears of many listeners by "reporting" an alleged plot organized in Cuba to use a car bomb to blow up leaders of the National Cuban-American Foundation (FNCA).

All the evidence is here, they said over and over again, in reference to evidence supplied by a fearsome double agent, who reportedly gave such evidence to the FNCA to prevent Jorge Mas Canosa and some of his followers

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from being blown up by the terrible explosion into tiny and hardly reconstructible pieces.

But everything collapsed when a well-fed individual — who did not precisely show good taste by the way he was dressed — showed up in a bottle-green suit before reporters summoned to a secret site that was changed several times "for security reasons."

There he repeated data that was not very credible, talked about hackneyed conduct manuals for aspiring spies, and told stories that started with his departure from Cuba as a rafter and ended with services that were sold simultaneously, according to him, to intelligence bodies on the island and in the United States.

A media that can hardly be suspected of having any links with Cuba as the MIAMI HERALD had no option but to dedicate more than half a page today to satirize the "evil" agent, and it even published a story accompanied by graphics on his adventures and the propaganda advantage the FNCA has tried to obtain from this.

Journalist Lazaro Farinas, a well-known Cuban emigrant, in a telephone conversation from Miami with PRENSA LATINA, described as a joke this individual's public presentation and the account he gave. Farinas recalled not even the alleged agent's father-in-law, who was interviewed on television, believed any of this.

This farce, Farinas added, is part of the provocations of the ultraright of Cuban origin in Miami to maintain an atmosphere of hostility and tension in the relations between Cuba and the United States.

Farinas said in view of their failure in Florida they are now trying to bring the man in the bottle-green suit before nothing less than a commission of the U.S. Senate in Washington in an attempt to cause the stir in the country's capital they have so far failed to create.

Sources close to the Cuban Change [Cambio Cubano] organization headed by Eloy Gutierrez also described the affair as ridiculous and pointed out the enemies of dialogue and consensus implemented yet another of their maneuvers.

Political and journalistic observers residing in Havana said the incident is important only because it is another effort against peace in the area by those who are losing sleep over Cuba's economic recovery and its irreversible socialist process.

Thus, everything seems to indicate future episodes featuring the character hired by Mas Canosa's organization will disappear in the darkness of lack of interest and in the deafening noise of bursts of laughter.

Cuba: Kazakhstan Official Visits Cuba, Discusses Ties

PA0905154196 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 7 May 96

[FBIS Translated Text] Ravil Muratov, first deputy prime minister of the Republic of Kazakhstan [title as heard], visited the Foreign Ministry's headquarters where he was received by Foreign Minister Roberto Robaina who expressed to the visitor the delight of the Cuban Government with the level bilateral relations have maintained. During the talks, attended by Russian Ambassador Arnold Kalinin, Muratov broached the goals of his visit.

[Begin Muratov recording, in progress] ...to strengthen our relations and study how to expand them further. We are studying the possibility of supplying fuel from Kazakhstan to Cuba and want to restore that interrelation which exists between our countries by means of enterprises, for example in the oil sector, the chemical sector, and the processing of diverse products such as sugar refining. [end recording]

Muratov is also seeking to expand cooperation in the cultural, scientific, and educational spheres.

An economic cooperation accord is slated to be signed by the end of the visit on 8 May.

Cuba: Slovak Health Minister To Sign Cooperation Protocol

PA1005024896 Havana Radio Rebelde Network in Spanish 1700 GMT 8 May 96

[From the "National Radio News" newscast]

[FBIS Translated Text] Slovak Health Minister Lubomir Javorsky is on a working visit to Cuba to identify common issues for cooperation in the medical and pharmaceutical sectors. Javorsky is scheduled to sign a cooperation protocol with his Cuban counterpart Carlos Dotres that will encompass cancer, pharmacy, cardiovascular research, and scientific research, as well as transplants, spas, and medicinal waters, among others.

Cuba: Official Discusses Self-Employment Regulations

PA0905183896 Havana Radio Rebelde Network in Spanish 1155 GMT 7 May 96

[Interview with Carlos Perez Blanco, provincial director of employment in Havana, by correspondent Pepe Suarez; in Havana; from the "Doing Radio" program — live]

[FBIS Translated Text] [Suarez] I am currently in the office of comrade Carlos Perez Blanco, provincial

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director of employment in Havana, who is accompanied by Pelayo Caballero Hernandez and Lazaro Quintana, both deputy directors of this organization. Hernandez oversees all aspects of inspections, and Quintana is in charge of the self-employment department. I greet you all from "Doing Radio."

Comrade Carlos, I would like you to explain to our listeners the requirements that must be fulfilled and what documents must be provided by a self-employed worker in order to reregister, as of 3 June. What are the new activities that are added to the list of jobs that can be done and what activities are prohibited, as of that date? How can a self-employed worker reregister and how can an aspiring self-employed worker register?

[Blanco] Well, good morning to the listeners of "Doing Radio." Well, Pepe, the documents that are necessary for a self-employed worker to reregister are the following: Provide his identification card, it must be up to date; a self-employment license; two photographs the size of an identification card. This is something new, recently implemented in the regulations. They must provide a registered taxpayers certificate and a proof of payment receipt from the previous month, before the reregistry.

Now then, regarding the three types of food services, the so-called luncheonettes [paladares], they must provide a registry certificate from the main commercial registry and an up-to-date health license. This is for the food sector.

Now then, the new activities covered by joint resolution number one are the following: Horse/pony renter of horses to be used for children's recreation; tax collector or payer [cobrador — pagador de impuestos]; work animal caretaker [cuidador de animales de trabajo]; house painter; producer and seller of retail nonalcoholic beverages and food in a fixed place [in punto fijo]. This is what is better known as a cafeteria. Fumigators, recollectors [recolector] of agricultural products, and producers of plastic articles disappear.

I would like to point out that — as has been previously reported — as of 3 June, in each one of our municipalities there will be an office that will carry out all aspects of reregistry. These offices' schedule will be from 8 AM to 6 PM Monday to Friday and 8 AM to 4 PM on Saturday.

[Suarez] How long do you think it will take each person to complete the necessary requirements? There are thousands of people in the city and many thousands in the rest of the country who need to go through this reregistration process. How long do you have to do this task? I mean, how many calendar days do you have for this and can people just walk in or are you going to set up appointments?

[Blanco] Pepe, this is a very important question. The over-all time we have for the whole process is 180 days. The estimates that we have made to determine how long it will take one person to complete all the requirements is 30 to 40 minutes.

[Suarez] Carlos, finally, I would like you to explain how self-employment is going to function during the reregistration process, from now until June. Will it continue functioning according to what was previously established, with the same activities?

[Blanco] Yes, of course. Self-employment continues to be governed according to the regulations that were previously implemented. In Havana, the administrative council's agreement number 4, regarding taxes, continues. The taxes that appear in the legislation are minimum quotas. Therefore, in Havana's case — I reiterate — the quotas are the same. They were implemented in February.

[Suarez] Later this morning, we will talk about new quotas, new taxes, and new regulations — regarding actions and inspections — for self-employment. However, if you help some relative or if you are working and receive help from a relative, whether it is at a luncheonette or in any other activity, stay tuned. In this "Doing Radio" cast, you will learn of the new taxes for those relatives who help you and about the special regulations regarding payments, which were not necessary until now.

Cuba: Penal Procedures for Drug Trafficking Discussed

PA1005032796 Havana Radio Rebelde Network in Spanish 1700 GMT 9 May 96

[FBIS Translated Text] The national meeting on penal procedures, which began yesterday at the Heredia Theater, Santiago de Cuba, will end today. Chief prosecutors from every province and Interior Ministry officials involved with prosecution tasks are attending.

The prosecutors' strong commitment to fight drug trafficking and distribution was the main issue discussed today, together with the issue of modifications to the Cuban penal code and the corruption of minors. Prosecutor General Juan Escalona Regueira spoke openly about these issues:

[Begin Escalona recording] We are also going to increase sanctions on drugs. We are going to continue to tighten the fist because people are no longer voluntarily paying bond [recaudo] to the authorities. This is no

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longer a common thing. What we find now is that people are hiding the bond money because they are aware that they are worth thousands of dollars and that the trafficking in Havana is strong. This is something new.

The police are once again finding that people are planting marijuana, something which had disappeared from this country a long time ago. They are finding plots everywhere, on rooftops, in backyards, anywhere. The hunger for dollars is driving many people to do anything. I believe these are two of the most serious problems that the country is going to face from now on, in addition to the problem of corruption, which we will debate in turn. [end recording]

The meeting will conclude this afternoon following a discussion of strategies to fight administrative corruption, embezzlement, improper use of material and financial resources, illegal possession, abuse of authority, and illegal profiteering.

Cuba: Foreign Drug Traffickers Arrested at Airports

PA1005032696 Havana Radio Rebelde Network in Spanish 1700 GMT 9 May 96

[From the "National Radio News" newscast]

[FBIS Translated Text] This April, specialized Interior Ministry and Customs units arrested a group of foreign drug traffickers as part of Cuba's efforts against international drug trafficking.

On 16 April, at the Jose Marti International Airport, Irish citizen Ian [word indistinct] was arrested carrying seven kilos of cocaine in a pouch taped to his body, while on a stopover in Havana during a flight from Colombia to Holland. He was found to have a record as a drug trafficker in his country of residence.

At the Juan Gualberto Gomez Airport in Varadero, Italian tourists Marta Mandrea and Alexandro [word indistinct] were arrested carrying nine kilos of cocaine disguised as electric parts and hidden in a set of speakers for a stereo system, which they were trying to take out of the country. These foreigners arrived in Cuba on 11 April through the Varadero Airport and stayed at a private residence in this city. On 15 April, Marta Mandrea left for Panama from the Jose Marti Airport and returned on the 19th, to later travel to Italy to deliver the drugs.

The Cuban authorities informed the corresponding authorities in other countries to help in the full investigation of these international trafficking activities through Cuban territory.

Cuba: Pioneers Discuss Preparations for Congress

PA0905141796 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 4 May 96

[From the "NTV" newscast]

[FBIS Translated Text] The final phase before the second Pioneer Congress — which will be held in July — is already under way. Havana Province will be represented by 62 Pioneers and six guides [guias].

The discussions that have taken place here have been profound and earnest and have indicated the maturity with which these children express their dissatisfactions [insatisfacciones]. Above all they demand the possibility of improving their organization and contributing to the betterment of Cuba.

[Begin recording] [Unidentified child speaker] Many times we say that we have not achieved the principle of self-management [autodireccion]. Furthermore, many times we blame grown-ups for our problems; however, if we have difficulties and if it is in our hands to resolve them, why do we not resolve them and fulfill this principle? The guide has to help us; he has to support our decisions, and our activities, but, it is the Pioneer who has to be concerned with self-management.

[Second unidentified child speaker] I think that here in the municipality the political and ideological work is one of the things that concerns us the most. It is necessary to know what is happening, right then and there.

[Third unidentified child speaker] When we salute the flag, it is a political and ideological task. When we sing the anthem correctly, it is a political and ideological task.

[Fourth unidentified speaker] We are finding out what is happening in each school, and in what better manner than through our children? They have absolutely no self-interest. They only tell the truth, what they feel, and what they receive.

[Fifth unidentified speaker] They have talked about the Helms-Burton bill and about the organization's problems. They have expressed themselves so clearly and profoundly; it is incredible. It is the cultural and political level of our people; you can see it in these small children. [end recording]

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Cuba: Efforts Aim To Repair Streets in Havana City

PA0905160296 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 6 May 96

[Report by Freyda Garcia from the "NTV" newscast — passages within quotation marks are recorded]

[FBIS Translated Text] Havana City construction workers began repairing streets last November. There were 57 bus routes that were detoured at that time, but there are only 12 routes like that now.

[Freyda Garcia] Great efforts are being made to repair streets in Havana City, but there are still problems. Efforts are aimed at repairing equipment used to pour larger amounts of cement, purchasing basic equipment needed, and appropriately coordinating all construction teams so that they collect all debris promptly and appropriately.

[Engineer Pablo Baglan] "Undoubtedly, that is a situation we must also correct expeditiously. We must work toward better organization but must try to guarantee resources, from a material point of view, and the parts we need for certain equipment, and we must fight to resolve problems."

[Freyda Garcia] The factories that produce construction materials can produce what is needed to repair the streets of the capitol but are hindered by the lack of equipment to transport them; that is why the production of cement is done at night, after all prioritized repairs have been supplied during the day.

[First unidentified speaker] "A new technique is being used to repair potholes and for repairs in general in Havana City.

[Freyda Garcia] "Are conditions appropriate at the Machaco Ameijeiras Plant to guarantee the supply of cement needed for the repairs?

[First unidentified speaker] "Yes. The plant is ready, from a technical point of view, to cover what is needed for the repairs in Havana City."

[Freyda Garcia] Sanitation is constantly being analyzed, and reconstruction is being carried out [words indistinct] such as sidewalks, and drainage is being replaced to avoid flooding.

[Second unidentified speaker] "In this area we have had to replace all drains, have added one more, and have installed a completely new.... [pauses] where all the water is discharged. This area used to flood quite frequently but not anymore, and the flow has been widened."

[Freyda Garcia] There are still difficulties that should be eliminated in the immediate future. The beginning of repairs halts the deterioration of streets in Havana City, and efforts are being aimed at total repairs and maintenance.

Cuba: Commentary Focuses on Urban Transportation Problems

PA1005030596 Havana Radio Rebelde Network in Spanish 1700 GMT 8 May 96

[Commentary by Susana Tesoro; from the "National Radio News" newscast]

[FBIS Translated Text] Urban transportation remains one of the most critical problems in the nation. Havana, which has a population of over 2 million, not counting the transient population, has the greatest difficulties. Much has been said, now and in the past, about the need to increase the number of buses in circulation to solve this problem. As you may remember, Havana did not experience urban transportation problems during more prosperous years. And yet, just as the limitations of the special period seemed bound to bring Havana to a screeching halt, new solutions appeared such as the camel buses, the yellow inspectors, and more recently, rented taxis. [as heard]

The population is complaining about the discomforts of the metrobus, or camel bus, and the fact that some of the yellow inspectors do not do their jobs, and taxis charge too much. The people also believe it is necessary to increase the number of buses in circulation. These complaints, taken all together, lead one to believe that the people are beginning to understand the crux of the urban transportation problem and its solutions.

Havana needs hundreds more buses to provide a steady service as part of the integral transportation program that is being implemented. As everyone knows, the metrobus service will be used more and more for longer distances. Shorter trips will be handled by the regular buses, just like they are now. Taxis will be one more option, and as resources increase, the vehicles will regain their full operational capability.

We also have to keep in mind that this is not only a tranportation problem, but also a problem of manpower, training, discipline, and their understanding that their salary is a payment for providing a service, not for doing a favor. We have to stress this because we might get all the buses we want and all imaginable resources, but if the rigor that is now being demanded from the bus crew and taxi drivers dwindles, then the urban transportation struggle will never be won.

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Haiti

Haiti: Police Roundup Results in Arrests

96P20416A (Internet) Haiti Online in French
8 May 96

[FBIS Summary] Haitian National Police (HNP) spokeperson Herold Israel confirmed on Tuesday that the police in the metropolitan area had conducted an operation from 2 to 6 May in the wake of recent police slayings. Out of 80 people questioned by police, 30 were arrested (on unspecified charges) and are to appear in court. Israel said that other operations are planned for the purposes of disarmament and ensuring public security. Meanwhile, on Monday HNP Director Denize visited police in Cap-Haitien and other northern areas to boost morale.

Haiti: Aristide on Privatization

96P20416B (Internet) Haiti Online in French
8 May 96

[FBIS Translated Text] In a long interview with Haitian National Radio, former President Aristide expressed his position on privatization. He called privatization a two-headed trap: Se yon pelen a de tet. The former president, whose anti-privatization sentiments were transparent via the Aristide Foundation for Democracy, clearly rejected privatization. He also discussed the National Police and called on the population to aid police efforts.

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Mexico: Report on Conclusion of Meeting With U.S.

PA0905162696 Mexico City Radio Red Network in Spanish 2300 GMT 7 May 96

[Report by Rafael Jerezano; from the "Night Monitor" newscast; passages within quotation marks recorded]

[FBIS Translated Text] Indeed, the 13th Binational Mexican-U.S. Commission Meeting has ended. As for migration, immigration, and consular affairs, let us list some of the most important conclusions this group made. It stressed that the two delegations voiced their deep concern over the loss of life by Mexican nationals and the serious incidents that took place in April in California. The U.S. Government assured the Mexican Government that it is seriously looking into the incidents and stressed the significance it believes the protection of human rights has. It was added that the Department of State will follow up on the investigations and will keep the Mexican Government fully informed as the investigations unfold. In addition, the U.S. Justice Department will work alongside local police authorities in border areas to revise procedures pertaining to and training in human rights protection matters.

The two countries' delegations emphasized their concern over the possibility of similar incidents happening again and reaffirmed the need to prevent situations threatening the immigrants' physical safety, dignity, and human rights. Then, the two delegations voiced their firm commitment to intensify their actions against criminals who profit from the difficulties other human beings experience and reinforce actions to combat illegal aliens smuggling, which threatens the security and well-being of immigrants and nationals of the two countries who live and work along the border.

Likewise, the two governments agreed to take actions against individuals who conduct all types of criminal activities at the border, including forging documents. In order to look into another potential cause for the aforementioned incidents, the two departments agreed to work on the design and implementation of measures guaranteeing and making the public aware of the immigrants' human rights and offsetting discriminatory attitudes. Meanwhile, the working group drafted a memorandum of understanding [memorando de entendimiento] on consular protection of Mexican and U.S. nationals.

Regarding health issues, it was mentioned that the two countries' delegations agreed that the health working group would give an opportunity for exchange and interaction by initially emphasizing four priority areas: Immigrants' health, prevention of teenage smoking, women's health, and immunization.

With regard to labor matters, it was stressed that each country must observe and promote workers' rights in its territory insofar as commercial deregulation and integration processes move forward. At the same time, each country will try to avoid covert [word indistinct] on businesses that distort, the delegations said, the legitimate objective of improving the workers' standard of living.

Let us now listen to what Attorney General Antonio Lozano Gracia said regarding drug trafficking issues:

[Lozano] "The group analyzed the manner in which the full implementation of the extradition treaty in effect in the two countries could be improved in order to guarantee the administration of justice and avoid cases of impunity, within a framework of absolute respect for the territorial jurisdiction of both Mexico and the United States. Likewise, the Mexican delegation pointed out that it will continue to emphasize the prosecution of alleged criminals, according to Article 4 of the Penal Code, and will organize a bilateral conference for prosecutors in an effort to familiarize U.S. prosecutors with these procedures and the amparo writ.

"Admitting that money laundering adversely affects all of the world's financial systems, the group stressed the need for the two countries to take stern measures against this illicit activity based on their respective laws. In this regard, the two sides congratulated one another for the decision to create an interinstitutional group of experts to prevent and punish money laundering, the objective of which will be to promote the exchange of information and facilitate technical assistance and the development of modern methods to detect money laundering operations. Taking into consideration the scope of this phenomenon, they agreed to actively promote multilateral efforts to confront this illicit activity at the regional and international level.

"The group also analyzed the manner in which mutual legal assistance procedures, as well as the mechanisms for the treatment of inmates and the serving of their sentences in their country of origin, could be improved and expedited."

It is said that the group also recognized the urgent need to control the deviation of precursor chemicals for the production of illicit drugs, especially such synthetic drugs as methamphetamines, and stressed the need to promote cooperation actions at the regional and international levels to face this problem.

[Lozano] "Regarding bilateral drug control cooperation, the group examined proposals and actions to intensify, in both sides of the border, the head-on fight against

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criminal organizations devoted to illicit drug trafficking."

With regard to fiscal, financial, and customs affairs, the working group urged participants in various bilateral and trilateral customs forums to double efforts and outdo what has been done so far in an effort to seek the optimization of the efficiency in the services the two customs administrations offer.

As for agricultural matters, the group emphasized the two governments' resolve to move forward with the scientific and technological cooperation that will allow them to combat diseases and define criteria to declare disease-free zones in the states of Sonora, Sinaloa, Baja California, Baja California Sur, Chihuahua, Coahuila, Nuevo Leon, Tamaulipas, and Yucatan, so that, the import of Mexican beef products to the U.S. market will be allowed in the near future. Let us listen to what Foreign Relations Secretary Jose Angel Gurria said:

[Gurria] "The richness, complexity, and diversity of the Mexican-U.S. agenda has been made evident. More important yet, it was followed in a cordial and respectful atmosphere, immersed in a constructive spirit that characterized the discussions. It is a splendid foundation to forge the new understanding we are seeking. Anyway, regardless of how difficult they are, we created institutional mechanisms that will attend any contingency that may emerge and, at the same time, will continue to work on the construction of mid- and long-term perspectives on bilateral relations."

Well, Martin, these were some of the conclusions this 13th Binational Mexican-U.S. Commission meeting made.

Mexico: Zedillo Says Bilateral Responses 'Maturity'

PA0905185696 Mexico City XEW Television Network in Spanish 0300 GMT 8 May 96

[Report by Rita Ganem; from the "24 Hours" newscast]

[FBIS Translated Text] The Mexican-U.S. relations must be based on respect for differences and avoidance of conflicts, President Ernesto Zedillo said when he met with the co-chairmen of the working groups of the binational meeting at the Lopez Mateo Room in Los Pinos presidential residence. Mexican Foreign Relations Secretary Jose Angel Gurria explained the achievements of the various issues discussed at the binational meeting.

U.S. Secretary of State Warren Christopher carried a letter from President Clinton stating his best wishes for a new era of cooperation between Mexico and the United States.

In front of the president, 11 agreements resulting from the binational talks were signed, including the memorandum of understanding [memorando de entendimiento] on consular protection of nationals. President Zedillo pointed out that such delicate and complex issues as migration and the drug trafficking fight must not be permanent sources of tension:

[Begin Zedillo recording] We must not allow our relations to be constrained by what is important and circumstantial. [sentence as heard] Certainly, the best sign of maturity as far as relations are concerned is not to ignore what offends and hurts one or the other country, but to seek the best bilateral responses. [end recording]

The intensity of the relations between Mexico and the United States, the president warned, is made evident in a daily average of approximately 1 million legal crossings through the border and through a commercial exchange amounting to more than $120 billion annually.

Mexico: Consortium of Foreign Banks, Power Plant Planned

PA0905182096 Mexico City XEW Television Network in Spanish 0300 GMT 4 May 96

[From the "24 Hours" newscast]

[FBIS Translated Text] Mexico has guaranteed its supply of electrical power for the next five years.

President Ernesto Zedillo has attended the signing of a protocol for the construction of the Samalayuca Power Plant located in Ciudad Juarez, Chihuahua. It will be built mostly by a consortium of foreign banks headed by Citibank and with support from the Inter-American Development Bank [IDB]. The Federal Electricity Commission [CFE] will operate the plant, which will use natural gas imported from the United States, but the CFE for 20 years will pay rent to the consortium to amortize the $650 million investment.

CFE Director Rogelio Gasca Neri has told the president:

[Begin Gasca Neri recording] This is the first privately funded power generating project not guaranteed by the federal government. It is also the first project financed by the IDB for the private sector and the first project of its kind sponsored by the Eximbank through its finance program for electrical projects. A group of commercial banks will provide the financing during the construction phase. [end recording]

President Zedillo has said this investment is part of the economic opening Mexico is implementing:

[Begin Zedillo recording] Thanks to this formula, during my administration we will procure investments of about

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$9 billion in power generation that will guarantee the supply of power for years and decades to come. [end recording]

Biddings for the Merida 3 project and its pipeline, Rosarito and its pipeline, projects in Monterrey, and the geothermal plant in Cerro Prieto are scheduled for this year with similar financial and operating packages.

The private consortium involved in the construction at Samalayuca is made up by General Electric, which will supply the reactors, (Intergen), which will contribute the engineering design, El Paso, which will sell the natural gas, and ICA [Associated Civil Engineers], which will build the infrastructure.

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El Salvador

El Salvador: FMLN Statement on U.S. Role in Conflict

PA0905211596 San Salvador FMLN PRESS HANDOUT in Spanish 8 May 96

["Statement" issued by the Farabundo Marti National Liberation Front, FMLN, in El Salvador on 8 March — date as published]

[FBIS Translated Text] The media has published U.S. Government reports regarding the direct participation of U.S. soldiers in combat actions that took place in El Salvador during the armed conflict. It has now been recognized that 21 U.S. soldiers died in action, and 5,000 U.S. soldiers were deployed during the period between 1981 and 1992.

This official acceptance by U.S. authorities confirms the validity of the protests, which we repeatedly presented at that time about the nature and dimensions of U.S. military intervention in the Salvadoran conflict.

The FMLN praises the decision of the current U.S. Government to publicly clarify the historical truth about this fundamental aspect of the previous administrations' policy toward El Salvador. Nevertheless, we reject the concept that those policies helped to promote the cause of liberty and democracy in our country. At the same time, we express our confidence that actions of that nature will never occur again in relation to our internal affairs.

[Dated] 8 March 1996 [as published]

El Salvador: Argentina's Menem on Official, 2-Day Visit

PA0905133096 Panama City ACAN in Spanish 1838 GMT 8 May 96

[FBIS Translated Text] San Salvador, 8 May (ACAN-EFE) — Argentine President Carlos Menem had words of praise today for El Salvador's peace process at the start of an official, two-day visit during which he will sign several cooperation agreements with his Salvadoran counterpart, Armando Calderon Sol.

"The confrontation has lasted many years, but now come the good years to harvest the fruits, because the benefits of peace, democracy, freedom, and respect for human rights began being sown even during the worst of times in El Salvador," Menem said. The Argentine president arrived at the Ilopango Military Base, located in the outskirts of San Salvador, at 1045 (1645 GMT) with a 30-minute delay. From there, he went immediately to the Presidential Palace where Calderon Sol welcomed him.

In a speech delivered at the Presidential Palace, Menem said he was "very honored" to be the first Argentine president to visit El Salvador.

He said that in this country of "fierce volcanoes and peaceful lakes, it would seem as if nature made the Salvadoran people courageous when it came time to fight for peace but peaceful when it came time to set in motion the affection, fondness, and love to make the process of unity progress."

Menem told Calderon Sol "I know your mission is not easy, but I also know you are working on a process of transformation similar, despite the unique characteristics here, to the one we are carrying out in Argentina."

He added that he is confident that during his visit, which is scheduled to last up until the early hours of 10 May, the official delegations of both nations and the business sector accompanying him "will be able to bring about positive results starting from the growth and development of our respective economies."

Welcoming Menem, Calderon Sol said "we hope you feel and realize that this is your home and that you are aware that you are very much appreciated, well regarded, and admired in El Salvador."

The Salvadoran president added that "we are well aware of the transformations taking place in Argentina since your election to office, the work you have done, as well as your efforts on behalf of the people of Argentina. You constitute a true symbol of transformation in Latin America."

San Salvador Mayor Mario Valiente declared Menem "guest of honor" and awarded him the "keys to the city."

Following the protocol ceremony, which included a review of the honor guard, Menem and Calderon Sol met in private at the presidential palace while the official delegations of both countries did likewise.

Menem will be attending a lunch hosted by the National Associations of Private Enterprises (AENP) that will take place at a San Salvador hotel, and afterward he will visit the Supreme Court of Justice.

Tomorrow's program includes a visit to the Legislative Assembly and the signing of a joint declaration and several cooperation agreements between both nations.

Official sources have announced that Menem and Calderon Sol tomorrow will sign a Reciprocal Investments Promotion and Protection Agreement that anticipates an increase in investments between both nations.

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Other agreements scheduled to be signed include a Tourism Technical Cooperation Agreement and a Cooperation Agreement on Human Resources Training in Prevention, Illegal Use, and Repression of Illegal Drugs and Psychotropic Substances.

In addition, the presidents of El Salvador and Argentina will be signing a bilateral agreement for the prevention of drug addiction and struggle against drug trafficking.

El Salvador: Menem Welcomed as Symbol of Transformation

PY0905142296 Buenos Aires TELAM in Spanish 2319 GMT 8 May 96

[Report by Alberto Emaldi, TELAM special correspondent in San Salvador]

[FBIS Translated Text] San Salvador, 8 May (TELAM) — President Carlos Menem was welcomed today by the Salvadoran Government as "a symbol of Latin American transformation and economic recuperation." The head of state pledged Argentina's cooperation in the privatization of state-run companies in El Salvador and reiterated his proposal for establishing a free trade area between Central American countries and Mercosur [Southern Cone Common Market].

Commenting of the Argentine president's state visit to Central America, Salvadoran President Armando Calderon Sol stated: President Menem "is a symbol of Latin American transformation and economic recuperation."

In referring to the commitment he made to the effect that the Argentine Government will cooperate with the privatization process in El Salvador, President Menem said: "You may count on Argentina's aid and support in this endeavor."

Official sources told TELAM news agency that this was Menem's response to the request made by the Salvadoran Government that Argentina should pledge "as much cooperation as possible" to initiate the privatization of government-owned enterprises, particularly the telephone companies.

Menem started his state visit to El Salvador, the second leg of his tour of Central America, by praising the peace process in El Salvador and thanking the support of the Calderon administration for Argentina's "legitimate claim" to sovereignty over the Malvinas Islands.

The Argentine chief executive said: "Let me take this opportunity to extol the peace process Salvadorans have brought to a successful conclusion. Salvadorans have managed to live in harmony after surmounting many difficulties and are about to initiate a phase of growth commensurate with that prevalent in the countries of the Americas."

Menem defended Salvadorans' rights to start "enjoying the fruits of peace" following a civil war that torn their country in the 1980's.

The head of state said he was convinced that a new stage of closer bilateral relations was on the horizon and advocated Latin American integration quoting Liberator Simon Bolivar: "The Americas are our only homeland."

Calderon, for his part, contended that the Salvadoran Government "is committed to following the marvelous example set by Argentina in its modernization endeavors."

Menem was received at the presidential palace with a gun salute. Afterwards, San Salvador Mayor Mario Valiente gave him the keys to the city and declared him "guest of honor."

Afterwards, Menem held his first working meeting with the Salvadoran president. He later met local entrepreneurs with whom he talked about the changes that have taken place in the Argentine economy.

Menem arrived at 1000 (1300 Argentine time) today at the Air Force base of Ilopango on the outskirts of the San Salvador and immediately boarded a helicopter that took him to Government House.

In his welcome speech, Calderon Sol pointed out: "We are proud of having among us this prominent visitor who represents a symbol of Latin American transformation and economic recuperation and has implemented in Argentina an extraordinary transformation that we, in El Salvador, want to take as an example."

Menem was grateful for "the hospitality of the Salvadoran people." He used the occasion to again raise his proposal — which he had already raised in Honduras — for Central American countries to join in a free trade zone with the Mercosur [Common Market of the South].

Menem added: "Today, more than ever, it is necessary to remember the great men of our Americas and, as Simon Bolivar said, we must understand that the Americas are our only homeland."

The Argentine president emphasized: "I am also coming today to propose that you join in a free trade zone with Mercosur."

Menem's proposal was received with interest by Calderon Sol, who announced that, "during the upcoming summit of Central American nations on 24 May, we will raise this proposal for discussion, as we believe it is very valuable and important."

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Menem and Calderon Sol met in one of the Presidential House halls where they reviewed issues of common interest and the agreements that they will sign on 9 May. These agreements involve tourism, protection and promotion of investments, and prevention of drug abuse and illegal drug trafficking.

Official sources pointed out that, during their first working meeting, Menem and Calderon Sol agreed in pointing out the necessity of fighting poverty with growth and development by generating new jobs.

The conversation between the two presidents extended beyond the originally scheduled time, as the El Salvador Government is interested in the transformation process that has been implemented in Argentina since 1989, a process on which Menem elaborated extensively.

During their meeting, the Argentine president explained to his Salvadoran counterpart "the advantages" of opening up the regional market to Argentine meat. Menem pointed out that "no hoof-and-mouth disease cases have been reported for Argentine meat over the past two years."

The Argentine president also formally invited a delegation of Salvadoran sanitarians to check the quality of Argentine meat products.

After the meeting, Menem went to the Libertad Square where he laid a wreath to the local heroes and subsequently participated in a lunch hosted in his honor by the Salvadoran Association of Private Entrepreneurs [Asociacion de Empresarios Privados de El Salvador].

On the afternoon of 8 May the Argentine president visited the Supreme Court justices and was subsequently feted by Calderon Sol and his wife.

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Argentina

Argentina: Mercosur To Study Inclusion of Central America

PY1005032296 Buenos Aires TELAM in Spanish 0004 GMT 9 May 96

[Report by TELAM unidentified special correspondent in El Salvador]

[FBIS Translated Text] San Salvador, 8 May (TELAM) — President Carlos Menem announced today that Argentina's proposal for establishing a free trade area between Central American countries and Mercosur [Common Market of the South] will be analyzed at the presidential meeting of Mercosur member countries to be held in Buenos Aires on 25 June. Upon arriving in San Salvador, Menem told reporters: "In my capacity as pro tempore president of Mercosur, I will put forward the idea of establishing a free trade area between both blocs."

The head of state nonetheless sounded an alert to the fact that "the initiative must be approved by the other partners of our common market." Menem formulated the idea of integrating Mercosur and Central America into a bloc both in Honduras and El Salvador in the presence of both countries' authorities.

Foreign Minister Guido Di Tella, for his part, explained that "Mercosur is about to be enlarged with the incorporation of Chile — with which Mercosur will establish a free trade zone — and a possible agreement with Bolivia in June." Di Tella added: "In this context, the incorporation of two more countries into a free trade area obliges us to discuss the possibility of expanding that free trade area to include other states, like those of Central America, for example."

The foreign minister pointed out: "We have said time and again — and this was confirmed by [Brazilian] President Fernando Henrique Cardoso — that Mercosur is not a private club; on the contrary, it has shown ample flexibility concerning Central America." Nevertheless, the head of the Foreign Ministry observed that "this possibility has only been partially discussed; thus, it is necessary to continue studying the way to achieve a third incorporation into a free trade area between Mercosur and the Central American countries, for example." Di Tella recalled that this possibility is in line with the mandate of the latest Summit of the Americas, held in Miami in 1994, to establish a free trade area of the Americas from Alaska to Tierra del Fuego.

Argentina: OAS Backing of Democratic Guarantees Sought

PY1005032096 Buenos Aires TELAM in Spanish 2355 GMT 8 May 96

[Report by TELAM unidentified special correspondent in El Salvador]

[FBIS Translated Text] San Salvador, 8 May (TELAM) — Foreign Minister Guido Di Tella has announced here that Argentina will request that the OAS implement a "clause guaranteeing democracy," by virtue of which a country will be suspended from the OAS if the democratic system of government in such country is disrupted or under threat of being disrupted. The foreign minister explained that "by means of this clause guaranteeing democracy, the mere threat of a disruption of democracy in a member state will cause the automatic suspension of that nation from the OAS." Di Tella told TELAM: "We have already put forward this clause at an OAS meeting, but as it has not been set into motion, we are going to request its prompt implementation so as to have concrete tools in the face of situations such as the one that occurred in Paraguay some weeks ago."

President Carlos Menem announced in Tegucigalpa yesterday that at the OAS meeting to be held in Panama in June, Argentina would put that clause forward again with a view to strengthening constitutional processes in the Americas. Di Tella stated that "this clause will also be implemented in Mercosur [Common Market of the South], which will become a legally established democratic club. The head of Argentine diplomacy pointed out: "Our idea is that the OAS implement this clause as soon as possible so that OAS members countries' congresses may ratify it."

Changing the subject, Di Tella commented on relations between Argentina and Britain, remarking: "We have made headway in the settlement of controversies like the fishing issue, within the framework of the CCAMLR [Convention on the Conservation of Antarctic Marine Living Resources], following the meeting with UK Foreign Secretary Malcolm Rifkind at Iguazu Falls. The case of the South Georgia Island, for example, must be discussed in this context, and from there, we will try to achieve a kind of a modus vivendi for both the fishing and oil issues by dealing with both problems concurrently," he added.

In reply to a question on whether Menem's possible trip to London depended on the progress of negotiations on oil and fishing agreements, Di Tella said: "Argentina is not using the issue of President Menem's possible trip to London to bring pressure to bear on Britain, as was hinted somewhere."

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The head of the Foreign Ministry declared: "The visit to Britain is not a priority of the Argentine Government. We intend, rather, to channel our efforts toward two of the three pending negotiations; namely, those involving the fishing and oil accords."

Di Tella went on to say: "Without broaching the subject of sovereignty over the [South Atlantic] islands, we can create the appropriate climate for the president's trip to London."

Argentina: Chilean Defense Minister Reviews Issues

PY0905183796 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2354 GMT 8 May 96

[FBIS Translated Text] Buenos Aires, 8 May (NA) — Defense Minister Oscar Camilion and his Chilean counterpart, Edmundo Perez Yoma, chaired here today the first Standing Committee for International Security and Defense [Comite Permanente de Seguridad Internacional y Defensa] meeting. The Standing Committee for International Security and Defense was established "to facilitate coordination in dealing with security-related matters."

A communique released by the Argentine Foreign Ministry today points out that this committee "was established within the framework of the significant political, diplomatic, economic, cultural, and multisegmental integration agreements achieved between the two countries."

Camilion and Perez Yoma emphasized "the growing rapprochement on international security matters." "This committee's goal involves consultation, coordination, and follow-up of international security actions," they said.

The two defense ministers also held bilateral talks. During their talks, they reviewed such issues as regional affairs and "the establishment of procedures to make headway in the achievement of the goals of the memorandum of understanding signed in Chile in November 1995."

During the talks, Argentina was represented by Policy and Strategy Under Secretary Ricardo Lagorio; International Security Director Enrique De La Torre; South American Affairs Director Enrique Pareja; and Joint Staff Planning Director Carlos Oliva.

The Chilean delegation was made up of War Under Secretary Jorge Burgos; Navy Under Secretary Pablo Cabrera; Air Force Under Secretary Angel Filfisch; Raul Tapia, National Defense chief of staff; Juan Martabit, Foreign Ministry foreign policy director; and Hernan Tassara, Foreign Ministry special policy director.

Argentina: Di Tella Says Probe to 'Bitter End' Ordered

PY1005030096 Buenos Aires CLARIN in Spanish 9 May 96 pp 2, 3

[Interview with Foreign Minister Guido Di Tella, accompanying President Carlos Menem on an official visit to El Salvador, by Ceferino Reato, CLARIN special correspondent in San Salvador, on 8 May]

[FBIS Translated Excerpt] Foreign M.nister Guido Di Tella said on 8 May that the third-party sale of Argentine weapons to Ecuador during the armed conflict pitting the latter against Peru is "a most irregular thing." He asserted that President Carlos Menem's instructions to his ministers "are that we must investigate to the bitter end, no matter whose heads roll for this."

In an interview with CLARIN, Di Tella said that the head of state wants "all the government officials" who might be implicated in this arms sale scandal "to leave."

Rumor has it within the Menem administration that Di Tella does not get along with Defense Minister Oscar Camilion, who is going through a difficult patch at the moment due to the diversion of weapons to Ecuador.

This notwithstanding, commenting on infighting within the cabinet, Di Tella argued: "Sometimes one's flights of fancy go too far."

It goes without saying that during the interview, Di Tella did not go out of his way to defend Camilion.

Di Tella arrived in the capital of El Salvador yesterday, accompanying President Menem on his tour of Central America.

Menem's entourage is staying at a hotel located at the foot of a volcano, the site from where the Farabundo Marti National Liberation Front guerrillas issued forth four years ago. In the hotel lobby, the foreign minister pointed out that the current trip "is very important to bolster ties with this region."

Di Tella explained: "The president's idea is the integration of this entire region into Mercosur [Common Market of the South] in some way."

The foreign minister argued: "Obviously, we have to discuss this with our three main and historic partners [in Mercosur]. The integration of Central America into Mercosur would never be at the level of the historic partners, but rather at a less demand ng category so as to make it viable."

While he wiped his forehead with a white handkerchief, Di Tella conceded that "the Menem administration is concerned" about the consignment of Argentine

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weapons bound for Venezuela, but which ended up in Ecuador. "This is the reason why the president ordered an administrative inquest into this affair," he added.

[Reato] President Menem sent a personal letter to his Peruvian counterpart Alberto Fujimori on account of this subject. Will there be any other diplomatic gesture vis-a-vis Peru?

[Di Tella] Now look here, rather than a gesture vis-a-vis Peru or anybody else, we intend to make a gesture aimed at ourselves — something most irregular occurred. We do not rule out the possibility that this may finally compromise some public figures. Argentina never intended to sell weapons to countries involved in an armed conflict, and much less so when a generalized embargo on the sale of weapons to those countries had been adopted. And to top it all, our country was a guarantor [of the Rio Protocol between Ecuador and Peru].

[Reato] Does the arms affair affect Argentina's image abroad?

[Di Tella] It does not contribute at all to our international image ... It does not contribute at all [repeats himself] ... and yet, if we get to the bottom of this affair — and this is what we are going to do — it will redound to our advantage. Still, we are talking about things that we wish to God had never happened.

[Reato] What was President Menem's instructions to his ministers?

[Di Tella] The instructions given by the head of state are crystal clear — he ordered a probe into the matter, no matter whose heads roll. The Argentine state did not sell any weapons. The outcome of the probe will clear up who was responsible, and who may have acted as accomplices. All those whose implication in this affair is proven will leave.

[Reato] Is it true that the president asked his cabinet ministers to stay calm until the administrative inquest and the judicial investigation are concluded?

[Di Tella] Well, yes....

[Reato] In other words, he told his ministers to refrain from quarreling with each other.

[Di Tella] I think that, with all due respect for the press, sometimes, one carries speculations too far.

[Reato] Do you intend to say that you and Minister Camilion get on well with each other?

[Di Tella] The only thing I can say is that before he was named as [defense] minister, I tried — on account of my old friendship with Camilion — to make him accept a diplomatic representation abroad, one of the most important ones. This is no secret to anybody. I was very much interested in having him nominated to a diplomatic representation. Nevertheless, the president then decided against it.

[Reato] Incidentally, how do you assess Camilion's situation?

[Di Tella] Well, I think that there is an investigation under way and everybody is awaiting the outcome of this probe. That is a fact.

[Reato] Do you deem that the government is politically responsible for the illegal sale of weapons to Ecuador?

[Di Tella] No, no, because the decision was to sell weapons to Venezuela. There was some interference then — intermediaries who committed a crime, with or without connivance. All this will come to light. Look here, what I think is that journalists have an important virtue, since sometimes they delve into a matter and expose some wrongdoing. By placing individuals under suspicion, however, they may affect the credibility of some people, so one has to be very careful about it because the courts are the ones that have the last word. Journalism cannot replace the judiciary.

[Reato] But the question was not about the government's possible criminal or administrative responsibility — because it is still too early to determine that — but rather about its political responsibility, for example, for the damage caused to Argentina's international image.

[Di Tella] That is the same thing as contending that the interior minister is politically responsible for a murder that was committed on the street. It would have been better if that event had not occurred at all, but these things happen. Political responsibility? No, I would not couch it in those terms. [passage on unrelated material omitted]

Argentina: Adviser to Menem Says 'Honor' at Stake

PY0805014096 Madrid EFE in Spanish 2323 GMT 7 May 96

[FBIS Translated Text] Lima, 7 May (EFE) — Julian Licastro, an adviser to Argentine President Carlos Menem, stated today that "Argentine honor is at stake" in the case of the illegal sales of Argentine weapons to Ecuador during the undeclared war between Ecuador and Peru early in 1995. In remarks to Radio Programas del Peru (RPP) from Buenos Aires, Licastro said: "The minister or the deputy ministers of defense must pay the political cost" of that operation, although he directly blamed the deputy ministers for that operation. The presidential adviser said: "The case of honor must

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prevail in this unfortunate episode." He added: "What is at stake is Argentine honor, not the personal or individual prestige of someone."

Licastro admitted that the political responsibility falls upon Defense Minister Oscar Camilion, "but those who must pay the price are the intermediate level — those who are between the minister and elements like Luis Sarlenga, former Argentine Military Industries interventor." Licastro added that the Argentine Defense Ministry "is packed full of officials from several parties" who gather "to make deals at the expense of Argentine national interests."

Licastro added that the weapons scandal, which began a year ago, "has mobilized and irritated" several Argentine sectors and has given birth to a press campaign "which is never-ending and which will continue until those responsible are punished." He denied, however, that President Menem's government was aware of the sales of weapons or that it has authorized them, as hinted by several documents and testimonies unveiled by the press in Argentina, Peru, and Uruguay. He said that his government "was deceived by a trafficking mafia with ramifications in several government areas."

Bolivia

Bolivia: News Summary for 9 May

96CA0171A (Internet) Social Communications Ministry WWW in Spanish 8 May 96 Morning Edition

[From the Computer Services Network of the Bolivian Social Communications Ministry http://utama.bolnet.bo:80/mcs/matind.htm]

[FBIS Translated Excerpt] [Passage omitted]

Front Page News Briefs

Government To Allow Legal Sales of Coca in Chapare

Yesterday the government and the coca growers agreed to facilitate coca sales by the growers to the Alboexport Company and directly to consumers through agreements signed between the unions, cooperatives, and other parties. These sales will be under the control of DINACO and will comply with the law. This plan is outlined in the "Meeting Agenda Minutes" signed yesterday by Minister of Government Carlos Sanchez and by the top leaders of the coca-growers sector. [passage omitted]

Social News

Government Accepts Direct Coca Exports to U.S.

To supply raw materials to the U.S. Coca-Cola Company and to provide supplies to be used for scientific and medical purposes, the Bolivian Executive yesterday approved an agreement through which the Chapare coca growers will export their products to the United States through the Bolivian firm Albo-Export.

That was one of the conclusions reached during the second part of the coca growers-government talks held for 5 hours in the office of the minister of government. In the opinion of Evo Morales, the government's acceptance is a step forward in the legal international marketing of coca leaves.

Brazil

Brazil: New Industry Minister Grants Interview

PY0905184296 Rio de Janeiro JORNAL DO BRASIL in Portuguese 7 May 96 p 13

[Interview with Industry, Commerce, and Tourism Minister Francisco Dornelles by Claudia Safatle and Oswaldo Buarim Jr. in Brasilia, on 6 May]

[FBIS Translated Text] [JORNAL DO BRASIL] Minister, today there is an intensive debate inside and outside the government concerning the possibility of resuming economic growth and creating more jobs. How do you see this situation?

[Dornelles] I do not believe in the possibility of having a sustained growth, of creating jobs, of distributing income, of social justice, without currency stability. The great concern of the president and of the ministers must be the Real Plan. What is the consolidation of the Real Plan? It is monetary stability. Without it there is no efficient productive system, there is no tranquillity for investment. We cannot convey the impression that inflation can return. We cannot. This must be an essential point of any minister's policy. We must use our imagination to make it work so that within that stability, we might be able to grow. I believe the Brazil cost problem [cost of producing things in Brazil] needs to be accelerated.

[JORNAL DO BRASIL] Right now the reduction of the Brazil Cost is just a lot of rhetoric and little concrete measure.

[Dornelles] In the fiscal field I think we must separate the tax reform proposal in two, because one is the Brazil cost; to reduce tax on exports, production, agriculture, and if possible, staples. These are the four priorities. The rest pertains to the federal policy which is much more complicated. You cannot include into one single package what is urgent and what is less difficult than what is medium term and more difficult.

[JORNAL DO BRASIL] Does that first part depend on a constitutional amendment?

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[Dornelles] I think the reduction of taxes on exports of semi-processed goods can be made through a supplementary law. There is much to be done in reducing the Brazil cost, and also in the fields of debureaucratization, deregulation, and decentralization.

[JORNAL DO BRASIL] What type of decentralization is there today?

[Dornelles] There are many concurrent activities among the federal, state, and municipal governments, making the productive area more difficult. For instance, some five months ago we had rules for milk-processing plants in Rio de Janeiro, the federal government, and the state. Companies that followed the state were fined by the federal government, and those that followed the federal government were fined by the state. Those that tried to reconcile were fined by both. We must establish jurisdictions.

[JORNAL DO BRASIL] You met with the president of the Republic today (yesterday). What recommendation did he give you?

[Dornelles] One of the points that left me satisfied with President Fernando Henrique Cardoso was what he told me: "I want you to be the minister of the private sector. I want you to seek all sectors that want to produce, that want to create wealth, in the field of the small companies, of the micro company, of foreign and national capital. Let us find the problems and bring them for discussion within the industrial chambers." It is of no use to react like this: "I am going to deal with the exchange rate to export more." For as long as I am the industry and commerce minister I am not going to talk about the exchange problem. The exchange problem is not my business. I have to work with the objectives that exist, that are set by the Finance Ministry and by the Central Bank. We must verify what can be done in specific activities, the civilian construction, the shoe manufacturing sector. In the fisheries industry, for instance, Brazil has a rich potential and a great potential to generate jobs, which we must develop.

[JORNAL DO BRASIL] Were those recommendations made by the president?

[Dornelles] Yes. He also wants me to deal with the audiovisual industry — movies, television, videos — which today is one of the strongest economic forces in the world. We must attract investments in that area in a joint work with the Finance and Culture Ministries. He also expressed concern over a strong car industry which must be viewed as priority. We must seek foreign investments for this sector. I am in favor of installing car factories in the northeast. I was surprised by the large number of problems with our exports. There are many processes of "dumping" [preceding word in English] and of compensatory rights in several export products.

[JORNAL DO BRASIL] Do you have the list?

[Dornelles] I saw it here. Orange juice, poultry, cigarettes, fruits and vegetables, steel, shoes, and leather.

[JORNAL DO BRASIL] Are they all facing an antidumping process?

[Dornelles] They are restrictions of different types. The current problems is as follows: We have made a great opening process of the economy, which I consider irreversible. It is irreversible.

[JORNAL DO BRASIL] Do you have a protectionist view of the economy"

[Dornelles] One thing is a complete opening. Now, there are international rules that must be fulfilled. We cannot be penalized abroad, with all those processes, with the argument that we are violating international trade rules, and verifying here a flood of products that violate the principle of competition. We cannot admit disloyal trade practices. Opening is irreversible but we must discuss all those disloyal trade practices. We must prepare our administration to implement all WTO rules. No one admits a closed market, which would imply a backwardness. Now, there is a difference: an open market does not mean anybody's land, or a piracy place.

[JORNAL DO BRASIL] Why does Brazil have great difficulties preparing its economy in that area, with institutions which are really prepared to deter harmful trade practices?

[Dornelles] When the opening policy was made, and it grew more than expected, the administration was left without a structure. Simultaneously with the opening policy the Customs Policy Council was eliminated, and with the Foreign Trade Department the experts left the government, which was left without an administrative structure. Minister Dorothea Werneck, with great competence, had to reorganize everything.

[JORNAL DO BRASIL] When the government issued the provisional measure to establish the car industry policy, and with it, to attract foreign investments, it was said that it was a step backwards. Is there something wrong with those moves?

[Dornelles] I believe we must act with great pragmatism. Brazil wants foreign investment, it wants opening and globalization of the economy in order to grow, and we believe it is the right way. We want all our rights respected. And we must seek a trade surplus.

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[JORNAL DO BRASIL] That is another problem you will face. Is there a danger of suffering a trade deficit by the end of this year?

[Dornelles] I am not going to talk on the trade deficit problem yet. I do not yet have the elements to speak about it. We must start from the supposition that Brazil must try to have a surplus. The situation of services account demands a surplus and we have to make the effort. It is not possible to think about having a surplus by only dealing with the exchange rate. That is not the right way.

[JORNAL DO BRASIL] Was Sao Paulo Mayor Paulo Maluff, who belongs to your own party, was really against the participation of the PPB [Brazilian People's Party] in the government? Does that affect you somehow?

[Dornelles] I do not believe in that. The president invited me through Senator Esperidiao Amin. The first phone call I received was from Maluf, who asked me to accept the ministry. So, I do not believe in the idea that he is against my designation.

[JORNAL DO BRASIL] Then, is it just a little party war?

[Dornelles] I am not worried about it and when I am not worried about something I do not try to understand it. Esperidiao Amin and Maluf were the ones who proposed my name for the ministry. You will not find one single person whom I have sought to propose my name.

[JORNAL DO BRASIL] Do you fear that the Industry and Commerce Ministry may lose some of its power?

[Dornelles] There was a time in my political life when I was much attached to power. Today I am no longer sustained by power. I want to be sustained by my knowledge. I can guarantee you, however, that today the dispute over power is a failure in my political life, because I do not know how to conduct this dispute.

[JORNAL DO BRASIL] But will that not deprive you of the conditions to do a better job?

[Dornelles] It is the government's option to give it to me or to somebody else.

[JORNAL DO BRASIL] When your name was confirmed for the Industry and Commerce Ministry, the note that was read in the economic area was as follows: Minister Dornelles will be more aligned with Planning Minister Jose Serra because both have identical views on matters such as trade opening and growth. This would weaken the position of the Finance Ministry and of the Central Bank. Do you confirm that trend?

[Dornelles] Situation is much more at calm today. Had there been disagreements within the economic area, it would have been just a childish matter, something like one between a school girl and the nun. There is no disagreement. The president is fully in control.

[JORNAL DO BRASIL] Tourism in Brazil is very expensive. Air tickets and hotels are expensive. Will your ministry also deal with that matter?

[Dornelles] That is true and President Cardoso also mentioned that issue. That is one of the points we have to discuss, because tourism today is one of the great sources of foreign currency.

[JORNAL DO BRASIL] Has your team been established?

[Dornelles] I am taking Paulo Jobim, director of the Finance Administration School (ESAF), to the Executive Secretariat, and Mario Bimbatto, who was head of the Rio de Janeiro State Prosecutor's Office, to the legal advisory office, and Dulce Angela Procopio will be chief of cabinet.

[JORNAL DO BRASIL] Does your appointment as minister guarantee the PPB's support in the forthcoming voting in Congress? That will be a week of congressional tests...

[Dornelles] In some cases the party's voting is calmer while in others it is less calm.

[JORNAL DO BRASIL] Did the party bloc want the Agriculture Ministry?

[Dornelles] Preference is normal. Some would rather have the Agriculture Ministry, others the Transport Ministry, others would like the Industry Ministry, and others would not want any. The PPB is liberal by nature, a place where everybody orders and no one obeys. Thus, everything must be done with a lot of talks, much dialogue. But in the basic votings we have voted with the government.

[JORNAL DO BRASIL] Is it possible to make politics with the private sector with that interest rate? When you sit with the private sector, how will you face it?

[Dornelles] I have endured that problem at the ministry. (Dornelles was finance minister during the first year of Sarney's administration).

[JORNAL DO BRASIL] But it was not that rate...

[Dornelles] When there were no fiscal policy instruments, we resorted to the monetary policy, because at that time there was no salary policy. There was only a monetary policy. But whenever there is doubt, the Real Plan's interests prevail.

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Brazil: Scheduled Government Changes Outlined

PY0905172896 Rio de Janeiro JORNAL DO BRASIL in Portuguese 7 May 96 p 3

[Report by Dora Kramer]

[FBIS Translated Text] Brasilia — The government is preparing new changes that will be introduced in two stages. The first stage will be implemented in the very short term, because President Fernando Henrique Cardoso intends to create as soon as possible a coordinating board for social action and infrastructure, which will probably be subordinated to Planning Minister Jose Serra. If this change in the implementation of government policies is not sufficient, the president will make in October what he considers a true cabinet reshuffle. He will give a new profile to the cabinet, strengthening its executive role and making it less dependent on Congress.

What was done now, according to the government, is only a cabinet adjustment marked by the hasty resignation of former Agriculture Minister Jose Eduardo Andrade Vieira; by the massacre of landless farmers; by the need to approve the reforms, strengthening the PMDB [Brazilian Democratic Movement Party] and putting the PPB [Brazilian Progressive Party] in the government; and by the clumsy dismissal of Dorothea Werneck from the Ministry of Industry and Commerce.

The new format of the government has not yet been decided, but, in general terms, the plan is to retake the old idea of having a strong Planalto Palace. This will prevent the government from relying exclusively on Congress decisions on the constitutional reforms, and from being identified only as the government of the Real Plan.

Those who designed the new format of the government admit that it is not the ideal solution. Yet it is the most realistic and practical way of adjusting the government, whose mistakes have been recently highlighted within the government itself. Cardoso would prefer to continue doing things his own way, but he is already known to prefer to smooth things rather than engaging in conflicts, giving a general impression of stagnation.

A key post has already been filled. Luiz Carlos Santos, the Minister of Political and Congressional Affairs, will free the president from the task of dealing with politicians. The government has made it clear, however, that political decisionmaking will remain in the hands of the president.

Confidence — From now on, the scope of the functions of Civilian Household Chief Clovis Carvalho and of Presidential Secretary General Eduardo Jorge will be reduced. Both of them, however, continue to enjoy the president's unrestricted confidence. Carvalho's activities will be limited to giving legal-managerial advice (he will check all the documents to be signed by the president), while Eduardo Jorge will operate as cabinet chief, also taking care of personal presidential matters. The change is that they will not be in charge of political or executive action.

This type of action will be reportedly implemented by the coordinating board, which will be held responsible for centralization of social and infrastructure action. Jose Serra is the strongest candidate for heading the board, although no decision has yet been made on the issue. If nothing else, because Planalto Palace has not yet given up the possibility of Serra running for the post of Sao Paulo mayor. However, since the minister remains adamantly opposed to this, there is hope that he will eventually agree to head the new macro ministry.

The communication structure will also be strengthened. This structure, which includes several secretariats and approximately 40 professionals, will be in charge of rising the tone of voice and reinforcing the aggressiveness with which the government reports its actions. All these decisions were made after it was confirmed that allowing to be caught in the trap of the reforms, and being unable to explain to the country what it really intends to do with them were both government mistakes.

For example, the government knows that it will not convince anyone that Proer — the Program to Encourage the Reorganization and Strengthening of the National Financial System — does not have the objective of saving bankers but to preserve the banking system and, therefore, account owners. The government also knows that no one can convince people that the social security reform does not seek to hold up old people but to preserve the system and to make it more just.

Diplomacy — Now there will be several under secretariats within Planalto Palace, and they will report directly to Sergio Amaral, who is the National Communications Secretary and also the presidential spokesman. Some people would like Amaral to be dismissed because of the excessively diplomatic manner with which he addresses matters that might call for less conciliatory talents.

However, Sergio Amaral will not step down. Advertising will be centralized; there will be an exclusive secretariat to assign ministers to the task of "facing the consequences of what has been done," which translates as defending the government and reporting what it is doing; and there will be a public tender for hiring professionals of the area. Except for the undersecretaries' functions, the services will be rendered through contractors.

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The urgent need for changes was also revealed by public opinion polls. Polls have revealed full support for the Real Plan and for President Cardoso. However, there has been no such full support when the questions linked the president and government actions. If people were asked whether they believed that the president was properly managing — for example — the health area, the favorable indexes dropped abruptly. This means the following: The president and the low inflation rate are fine, but the government is bad.

The government is doing so badly that during the cabinet meeting on 3 May, Health Minister Adib Jatene and Justice Minister Nelson Jobim had to listen to the following: Jatene should have arrived in Caruaru the day after the death of the first victim of the contaminated hemodialysis machine, while Jobim was reprimanded because he did not even report to the burial of landless farmers in Para.

A New Face — This is the first stage. The second will come after the elections, although there are remote chances that it will not be implemented, in case the changes in the central command structure are sufficient. There is anyway the idea that upon expiration of the final deadline for approval of the reforms — 30 July — the government can and must have a new face.

Planalto Palace has openly admitted another mistake: The government was caught in a trap that was previously set up, and the government was aware of it. The reforms were delayed — the blame for this does not fall exclusively on Congress — and Cardoso found himself a prisoner of Congress for much longer than expected. Today there is no guarantee that a bill submitted to Congress will be approved unless there are at least 400 government lawmakers who will vote for it. This has paralyzed action, making inefficient the mere replacement of ministers.

Nelson Jobim is a candidate for resignation, but the president expects a natural solution for him, which is Francisco Rezek's seat in the Supreme Court. Management mistakes have also been detected in Adib Jatene, while Odacir Klein — according to internal evaluation — does not actually want to remain in the transport portfolio.

It remains to be known whether the president will give up his displeasure over conflict and will dismiss some people. Sources have strongly emphasized, however, that Cardoso will now take action, "whatever the consequences."

Brazil: Cardoso, Military Ministers View Defense Policy

PY0805203796 Rio de Janeiro O GLOBO in Portuguese 4 May 96 p 4

[Commentary by Marcio Moreira Alves: "Military Affairs"]

[FBIS Translated Text] On the morning of 2 May, the military ministers went to Planalto Palace for an unscheduled meeting with President Fernando Henrique Cardoso. Had this happened a few years ago, television crews and crowds of reporters would have been waiting for them. The fact that the foreign minister and the Itamaraty secretary general also attended the meeting would have caused even more speculation and rumors. But we are now living in normal times, and so the media barely bothered to report the event.

As Brazilian Ambassador to Asuncion Marcio Dias was visiting Brasilia, the ministers seized the opportunity of hearing his evaluation of the uncertainties of Paraguayan politics. Diplomats and military men evaluated the results of the joint intervention by the three other Common Market of the South [Mercosur] members to ensure respect for democracy in Paraguay. We still don't know if this respect will endure the 30 months until the next presidential elections, but the general guidelines established during the meeting state that it was necessary to avoid showing support for any of the disputing factions of the Colorado Party, which has governed the country for 50 years.

Brazilian military officers complain about the lack of interest by Brazilian politicians — particularly congressmen — in foreign policy and, consequently, in the defense policy. The military want — at least — the National Defense Committee of the Chamber of Deputies to merge with the Foreign Affairs Committee — as it is in the Senate — and thus end the situation where the Defense Committee is the only one where deputies can simultaneously belong to other congressional committees.

The result of such merger could be reflected in the preparation and approval of the Budget, which has decreased progressively year after year. The military ministers warn that without a certain level of finance for equipment and expenditures to train officers, noncommissioned officers, and soldiers, the Armed Forces would simply lose their operational effectiveness, which cannot be rapidly regained.

They gave historic examples: the two World Wars took the Brazilian Armed Forces by surprise. In 1914, Brazilian Army contingents totaled only 15,000 men, meanwhile in Europe, millions fought on each side.

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In August 1942, when Brazil finally declared war on Hitler's Germany, the Brazilian Air Force practically did not exist, the troops that were then sent to Italy had to be equipped upon their arrival, and the Navy's antisubmarine capacity was very small. In addition, the increased weapons shipments to Brazil was a constant source of friction between then Brazilian Foreign Minister Osvaldo Aranha and then U.S. Secretary of State Sumner Welles.

Navy Minister Admiral Mauro Cesar asserts that all his units are instantly available, yet he still complains about not having Navy planes for the "Minas Gerais" aircraft carrier. This dispute with the Air Force has been going on for 31 years, and Admiral Mauro Cesar believes it is time to end it.

Mercosur does not have one single office, one single secretary, one single telephone apparatus, or one single fax machine. Perhaps this is why it functions much better than the Alalc [Latin American Free Trade Association] or the Andean Pact, which created complex bureaucracies before they defined their material interests.

The Brazilian and Argentine Navies, for example, have conducted joint maneuvers based on a simple unwritten accord: Each country pays its own expenses. If an Argentine plane develops a fault, Argentina pays. If a Brazilian plane is damaged, Brazil pays.

The military ministers seem not to have any new problems. They have been looking after their forces and are not concerned over the Presidency of the Republic affairs. The fact that President Cardoso is the descendant of two generations of Army generals — two of them former ministers — makes it easier to hold talks. Old problems do not create crises.

One of the old problems that bother the military area most is its relations with the media. The Aeronautics Ministry complains that the press, particularly O GLOBO, carries headlines about suspicions of an allegedly high price paid for a building from the Exclesior Insurance Company. The building will be used to expand the Aeronautics Hospital in Rio de Janeiro. They also complain that the press only published — in a small and hidden column — news that the National Accounting Office on 24 April wrote a detailed report declaring that the purchase was legal and was conducted in accordance with the rules. The Navy complains about misinformation. All areas of the media reported that the military were excluded from the provisional measure that establishes that retired public employees must contribute to the National Social Security Institute. Minister Mauro Cesar said Navy members have been paying this contribution for a long time, as have other Armed Forces branches. The military area also pays for medical tests and for medicines, unless they become ill as a result of their professional career.

Each country has determined a period to reveal its secret and confidential documents. In the United States, some are released after 10 years; after 30 years, nothing is secret. In England, the period is 50 years. In the Vatican, the secret is eternal.

In Brazil rules are not clear, but there is a certain uneasiness in the Army about the revelations this newspaper made about the Araguaia secret war. Several people who participated in this war are still alive, although retired, and are complaining to active service officers. They want to know the real reason why this is being published now. They do not believe the news was published for journalistic reasons, although it is true.

The Araguaia Guerrilla is part of Brazilian history and Brazilians have the right to learn about their past. In Germany, the atrocities performed by the Wermarcht are discussed in schools. This is done to prevent similar atrocities from occurring again.

Brazil: Economist Downplays Recession Predictions

PY0805011896 Rio de Janeiro O GLOBO in Portuguese 4 May 96 p 29

[From Joelmir Beting's column: "A Sham Strike"]

[FBIS Translated Excerpt] A general strike to demand structural [constitutional] reforms and to insist that a program be launched to boost production and employment would be nothing more than a sham. [passage omitted]

The problem is that a strike to encourage reforms would simply worsen the already turbulent political atmosphere, which places hurdles in the way of reforms, even if these entail minor changes in the administration, in social security, in tax laws, or in the agrarian reform.

There was no consensus about the strike even among those who proposed it. For instance, associations of employers affiliated with FIESP [Sao Paulo State Federation of Industries] are absolutely jubilant about the "current economic juncture." And let us just mention the auto industry, which was complaining loudest about the "recession" in 1995. Do you remember? Yet, the auto industry closed 1995 with a 24-percent real expansion in the domestic market — without mentioning the volume of cars imported until April 1995.

What about the "dramatic recession and mass unemployment reported during the first quarter of 1996?" Sales in the electro-electronic industry, with most of its customers in the middle class "which has been hard hit by

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the Real Plan," rose by 35 percent in 1995 and by 31 percent during the first quarter of 1996. Sales of 29 inch and larger television sets rose by 46 percent. Oh yes! Sales of food and medicines also increased by 17 and 14 percent, respectively, over the past 12 months. And there has been a 30 percent sustained growth in the microcomputer market, and 25 percent growth in sales of video games.

Essential or superfluous; demand for these items shows the economy is alive and kicking. The tragic picture built around the economy stems from the distorted views of some opinion shapers. While the economy is not in a recession, it is not expanding either. What is happening is that there has been an uneven growth in various sectors. On the one hand, there are depressed markets; but on the other, there are skyrocketing markets.

Another factor that prevents an accurate reading of the economy is the outcry orchestrated by leading enemies of the stabilization program: those who can no longer use indexation and the advocates of financial speculation; that is, people who could only succeed in an atmosphere of endemic stagflation and incompetent businessmen who hid their shortcomings behind the inflationary gains of acute financial speculation. [passage omitted]

Brazil: New Debt Profile Shows Private Area Most Indebted

PY0905181496 Sao Paulo GAZETA MERCANTIL in Portuguese 6 May 96 Pp A1, B3

[Article by Ivanir Jose Bortot in Brasilia]

[FBIS Translated Text] The short- and long-term Brazilian foreign debt had increased from $123.9 billion in 1991 to $157.4 billion up to June 1995. The federal administration, contrary to what occurred in the 1970's, did not increase its debt. The private area is the one that increased its indebtedness from 29.2 billion reals [R] to R67.1 billion.

Gustavo Franco, director of the Foreign Area Department of the Central Bank, has told this newspaper that the administration has been acting cautiously regarding the public area's indebtedness abroad in order to avoid impacts on its accounts. This prudence can be explained by the fact that it is expensive to attract resources from abroad, although interest rates abroad are lower than domestic ones.

An increase in the public area's indebtedness abroad would result, nowadays, in increasing the domestic debt. As a result of the admittance of dollars into the country, the Central Bank would have to issue public certificates in order to reduce liquidity caused by the admittance of dollars. In practice, the public area would be increasing its domestic debt as a result of the current interest rates.

The National Treasury has placed $4 billion in debt certificates in the Japanese, German, and Portuguese markets and is getting ready to do the same in the United States.

According to Franco, although the private area's indebtedness has an impact on our foreign accounts, "it is healthy" because those who are becoming indebted have the capacity of obtaining foreign currency through exports. "In the 1970's, the fact that the administration was becoming indebted and that it did not have the capacity to generate revenues was broadly discussed. Nowadays, only those who have the capacity to obtain foreign currency are becoming indebted. This is good," Franco said.

He added that from January to March, the balance of payment will probably close with a surplus. In the concept of international liquidity, the Brazilian reserves increased from $51.8 billion in December 1995 to $55.7 billion in March. Therefore, we can conclude that there has been enough admittance of foreign resources to cover the trade balance deficit, pay for expenses with interests and money transfers, and — in addition — accumulate reserves for the country.

"Our stock of reserves is stable. The consolidation of Brazil's image abroad is contributing to increase the flow of productive investment into the country. This is good. This does not create any problem," Franco said.

The Brazilian foreign debt with more than 360 days, which is registered in the Central Bank and involves the administration and the private area, increased from 92.9 billion in 1991 to $124.8 billion in June 1995.

The registered debt of the public area increased from $75.4 billion in 1991 to $89.8 billion in June 1995. The private area debt doubled: It increased from $17.5 billion to $35.1 billion. When operations, such as trade credit lines with a term of less than 360 days, are added to this value we will find out that the private area foreign debt jumps from $29.2 billion to $67.1 billion.

"The trade credit lines are the ones that have been contributing most to attracting foreign resources. Enterprises such as Rio Doce Valley company and Brazilian Petroleum Corporation are among those that attract more foreign resources in trade credit lines," Altamir Lopes, head of the Department of Economic Policy of the Central Bank, said.

This process of attracting foreign resources to finance trade, even if analyzed from the net debt point of view, shows that the private area is the one that runs most of the risks. According to studies conducted by the Central

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Bank, the net debt of the banks and private enterprises increased from $28.2 billion in 1991 to $54.5 billion in June 1995.

Altamir Lopes said that the foreign debt of the public area dropped from $85.2 billion in 1991 to $54.7 billion in June 1995, after the international reserves were deducted from it. This has occurred because until June 1995, Brazil was able to accumulate as much as $33.5 billion in reserves.

The foreign debt with more than 360 days, which involves $124.8 billion, will demand overall disbursements of $76.7 billion until the year 2004 just to pay for amortization of money raised by the public and private areas. So far this year, $10.985 billion will be necessary to pay for the principal of the foreign debt of the federal, state, and counties administrations, as well as for the trade credit lines of the private area. Expenses with interests are accounted for separately and will probably surpass $10 billion in 1996.

Central Bank estimates indicate that the payment of the principal of this debt in 1997 will total $15.2 billion.

Brazil: Social Democracy Party 'Identity Crisis' Viewed

PY0905154096 Rio de Janeiro JORNAL DO BRASIL in Portuguese 6 May 96 p 3

[Article by Ilimar Franco and Claudia Safatle]

[FBIS Translated Text] Brasilia — President Fernando Henrique Cardoso had to work hard to get Senator Teotonio Vilela Filho (AL) [Alagoas] elected as president of the PSDB [Brazilian Social Democracy Party]. Rio de Janeiro Governor Marcello Alencar is doing everything he can, and investing large sums of money, to get Sergio Cabral Filho, current president of the Rio de Janeiro Legislative Assembly, to become the PSDB candidate for Rio de Janeiro mayor. During the cabinet reshuffle, PSDB leaders in Congress Jose Anibal (SP) [Sao Paulo] and Sergio Machado (CE) [Ceara] were not consulted by President Cardoso over the selection of Deputy Luiz Carlos Santos (PMDB-SP) [Brazilian Democratic Movement Party-Sao Paulo] as Political Coordination minister.

These are just a few of the problems that face the PSDB after one year and four months in power. The party, which was founded in 1988 under the flag of internal democracy and inspired by criticism of the leadership style of former PMDB president Ulysses Guimaraes, has changed. Decisions have increasingly been centralized, and PSDB members who disagree with the leaders are treated with a level of strictness that would befit dissidents.

Deputy Almino Afonso (SP) said: "I do not question people, but methods. It is true that an authoritarian tone predominates in political discussions within the PSDB." Deputy Marcio Fortes (RJ) [Rio de Janeiro] is not so categorical, but believes the difficulties of internal democracy stem from the fact that the PSDB is a party still under construction. "We do not have a structure like the PMDB or PFL [Liberal Front Party]. Besides, we are still absorbing new members and new political cultures," he said in reference to Marcello Alencar, a former follower of [Democratic Labor Party president Leonel] Brizola.

Limitation — The size of the PSDB, it is the fourth largest party in Congress, limits its actions within a coalition government, thus forcing President Cardoso to grant concessions. Deputy Arnaldo Madeira (SP), vice government leader, said: "Some situations reflect complete harmony between the party and the administration, while others are like a smack in the face; for example, the cabinet reshuffle." Not everything can be explained by the impositions of political circumstances.

Last year, the PSDB implemented a recruitment campaign among congressmen that embarrassed the party founders. Such was the case of Deputy Joao Gilberto and Rio Grande do Sul Vice Governor Vicente Bogo who resisted joining the party. In the end they were forced to join on orders of their leader Deputy Nelson Marchezan (former PPR, Progressive Renewal Party, leader]. They ended in agreement, but only after many debates with their grassroots organizations.

Deputy Arthur Virgilio (AM) [Amazonas], PSDB secretary general, ran for party president. He based his campaign on internal democracy and concrete participation in the administration. He said: "We seek to increase our participation in the decision-making process of government policies. But we have no illusions. Space is not granted, it is conquered."

Massacre — The administration and the PSDB are concerned with the effects of the massacre of landless peasants in Para and consider the agrarian reform to be a social problem that must be resolved. Yet government allies like the PFL, PPB [Brazilian Progressive Party], and PTB [Brazilian Labor Party], do not want to even hear about the agrarian reform. The first disagreement took place on 30 April when Political Coordination Minister Luiz Carlos Santos, by petition of PTB leader Pedro Abrao (GO) [Goias] and PPB leader Odelmo Leao (MG) [Minas Gerais], withdrew from the Chamber of Deputies agenda of debates the urgency treatment status for the complementary draft bill that would institute summary treatment for bills to confiscate properties involved in land conflicts.

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The lack of democracy within the PSDB also reflects the internal renewal of its cadres following triumph in the elections for president of the Republic and six state governments. The party of cadres has now discovered that the PSDB does not have that many prominent members. Most PSDB leaders now hold executive branch positions and, once installed in office, become more worried about the difficulties, needs, and concrete results of the administration. Marcio Fortes said: "When Cardoso chose his political coordination minister he considered the administration more than the party."

Following the cabinet reshuffle, the mood within the PSDB became worse. This identity crisis is old and has prompted a congressional group to attempt to rewrite the party platform. The intention is to clearly establish the differences between the social-democrats and neo-liberals who constitute the base of the alliance that supports the Cardoso administration.

Deputy Antonio Kandir (PSDB-SP) wrote a preliminary rough copy of the new party platform. He presented it at the recent PSDB executive board meeting that elected Deputy Teotonio Vilela Filho (AL) as party president. This party platform was designed as result of three problems: 1) The PSDB platform, which was drafted more than 10 years ago, is old in relation to the dynamic globalization of the economy; 2) a political party's strength resides in its capability of making alliances with the simultaneous reassertion of its identity; 3) the alliances made by the PSDB to support the Cardoso administration have affected the party and reinforced its need to identify its differences.

Contrary to the neo-liberals who believe in a minimum state involvement, the social-democrats want the state to play the crucial role of dealing with an agenda of problems that ranges from the afflictions inherited from a colonialist, slavist society, to the challenges of an industrial society that must fight for competitive space in the international economy.

Within such context, the PSDB congressmen — who are dissatisfied with the ambivalence of belonging to the government and to the party — want to stress the differences. For example: Brazil cannot be an attractive country for investments while it has so broad a mass of citizens living in such terrible conditions. The preliminary political platform drawn by Deputy Antonio Kandir states: "In a globalized world, a country without a consistent and transforming social policy is condemned, in the long term, to subordination and backwardness." Within the social aspect, he stresses education.

Thus, the essence of the discussion is the transformation of the state. Not only by privatizing public companies to separate the state from production, but also by de-privatizing the state from its promiscuous relationship with private groups that cling to the public apparatus. What is more, it must open spaces for public organizations, not public companies, that are capable of regulating market functions and of rendering services formerly monopolized by the federal government.

There is yet another subject of the debate that pertains to the political reform. Without this, it is impossible to end the "political bargaining based on political opportunism or particular interests," as Kandir summarized his text, adding: "I think I have managed to interpret the feelings of several party members."

Rather than drafting a new program, the PSDB group wants to really shake up the party, open a debate, and create an organizational nucleus. It seeks to do this mainly because the party task should not be limited to supporting the administration. It must look to the future.

Brazil: Air Force Modernization Plans Discussed

96SM0276A Sao Paulo TECNOLOGIA & DEFESA in Portuguese No. 66, 1996 pp 8-12

[Article by Francisco Ferro: "Thinking of the Future"; introductory paragraph in italics as published]

[FBIS Translated Text] *The Brazilian Air Force's equipment plans for getting past the difficult phase it is experiencing.*

If there is anything that does not come as news but is, on the contrary, a matter of public knowledge, it is the current state of complete obsolescence threatening most of the Brazilian Air Force (FAB) fleet. The primary reason why such an absurd situation exists is also no secret. For years the country's military institutions have been receiving budgets which are far below their requirements and which make it impossible in most cases for them to function as genuine armed forces, thus justifying the scope of their missions.

But willy-nilly, the country is going through a time of change. And that is also being reflected in the Armed Forces. The military ministries are gradually recovering their operational credibility, even though what they have available for investment is too little in comparison with the high cost of operating their respective ministries. The Air Force is in that race and struggling to establish the Amazon Region Surveillance System (Sivam), complete the Satellite Launch Vehicle (VLS), and considerably improve its available supplies and aircraft, besides carrying out plans aimed at reequipping the FAB in order to face up to the responsibilities and challenges of the approaching century.

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Homemade

One of the serious problems that will soon have to be faced by the FAB is the end of the useful life of such aircraft as the Mirage, the Xavante, the P-16, the Buffalo, and, a little later on, the F-5 Tiger. Mindful of that fact, the Air Force General Staff is already taking steps to handle an "overall reduction" in the FAB's inventory. TECNOLOGIA & DEFESA was told by General Sergio Xavier Ferolla, chief of that branch, that the Brazilian Air Force is preparing a number of solutions that will also take domestic industry into account.

As regards the EMB-326 Xavante (AT/RT-26), for example, Embraer's [Brazilian Aeronautics Company's] AL-X is the solution adopted. Equipped with a more powerful engine (1,600 shp) than the Tucano (750 shp), the AL-X will be capable of performing nearly all the missions carried out by the jet. Equipped with a modern navigation and attack system with multifunction displays, HUD (head-up display), GPS [Global Positioning System], RWR (radar warning receiver), inertial reference system, and so on, the AL-X will include FLIR (forward-looking infrared), and it is scheduled to carry NVG [night-vision goggles] for nighttime operations. The aircraft will be the principal armed support platform for Sivam (see TECNOLOGIA & DEFESA, No. 65), since it can operate from unprepared runways and with little ground support. The AL-X also has respectable fighting capability as represented by the combination of such weapons as 7.62mm or 12.7mm machineguns in pods, unguided air-to-surface rockets, bombs, and two MAA-1 air-to-air missiles. Plans also call for equipping it with a chaff dispenser.

The idea is that the AL-X will replace the Xavante as an advanced trainer at Catre [Flight Training Center] in Natal. The Tucano jets would then be reassigned to Fortaleza and perhaps to Santa Maria, thus increasing the number of Xavantes in use as lead-in trainers. With more aircraft, the total flying hours per aircraft will drop, thus slightly "stretching" their useful life. This is in fact a palliative measure pending the ability to procure a more up-to-date aircraft for the training and advanced training of fighter pilots and for tactical photographic reconnaissance, tasks that are currently the responsibility of the valiant Xavante.

Standardizing the fleet to the greatest extent possible is another goal to be pursued by the FAB. This obviously translates into sizable cost/benefit and operational gains. The Air Force has, for example, launched its so-called CL-X P-X Program to find a common platform for carrying out light transport missions, land-based maritime and antisubmarine patrols, and electronic warfare (ELINT/SIGINT). The options are numerous, ranging from the development of versions of the EMB-120 Brasilia to the purchase of models available on the market. In addition, other platforms are being analyzed by the Air Force General Staff, which has considered Ukrainian, U.S., Italian, French, and Spanish products. Pending a final decision, aircraft may be acquired abroad to patrol Brazilian seas, and electronic warfare equipment may be added to the Lear Jets. For the time being, everything is hypothetical and dependent upon budget appropriations.

Difficult Replacements

Regardless of who wins in supplying the CL-X P-X specification, the new aircraft will have to send the Avros, Bandeirantes, and Buffalos into retirement. Incidentally, the question of what should replace the Buffalo has been a tough one to answer. The Buffalo was and is an inestimable aircraft in its main environment, the Amazon Region. For that very reason, the FAB has been systematically repairing and remedying the effects of time on that aircraft, with the result that it now has a high level of domestic content. A program has been underway since 1990 to improve the Buffalo fleet's avionics as part of a project originating at the Sao Paulo Air Force Park (Pama) and the CTA-IAE [Aerospace Technical Center-Aeronautics and Space Institute]. That program should help extend the aircraft's remaining life by at least another five or six years.

But it is not just the Buffalo that is a touchy issue as far as the future is concerned. The other big knot to be unraveled by the FAB has to do with the F-16 Tracker belonging to the 1st Carrier Aviation Group. Here the matter gets complicated because it also involves the interests of the Ministry of Navy and the latter's own plans for the aircraft carrier Minas Gerais. Legally, it is strictly the Air Force's mission at the moment to operate aircraft in the military area. If that agreement continues in force and the FAB considers it appropriate to maintain an carrier aviation component, it will, in agreement with the Navy, be obliged to begin reengining its P-16A/E's and modernizing their electronics. It is known that those excellent airplanes still have a long useful life ahead of them thanks to their sturdy airframes—it is estimated that the Brazilian P-16's still have an operating potential of 15 or 20 years based on average number of hours flown.

Located in Santa Cruz, Rio de Janeiro, is an FAB P-16 that was reengined in Canada using the PT6A-67R engine for evaluation purposes. The cost of a project of that kind is certainly not low, but it may be beneficial if a number of factors are considered. In the first place, there is practically no other model available with the same

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characteristics as the P-16. Second, according to the Air Force General Staff, domestic industry is capable of testing new electronic systems for the aircraft. Next, it is enough to observe the results obtained by the Argentine Navy, which decided to modernize its Trackers (see TECNOLOGIA & DEFESA, No. 63). Lastly, it should be pointed out that a P-16, appropriately modernized and equipped to use antiship missiles, has very little reason to envy more modern aircraft, and it has the advantage of requiring an incomparably smaller investment.

Fighter Plane

Among all the sectors constituting an air force, those embodying the principal combat vectors are usually the ones most often looked at when the institution is being analyzed. This is not a matter of prestige or of taking into account such factors as territorial expanse, geographical details, and so on, which may dictate different or identical priorities for transport or patrol aircraft or helicopters. After all, it is the combat planes, from the standpoint of deterrence or propaganda, which reflect an air force's real condition.

From that standpoint, the status of the FAB as reflected in its fighter squadrons cannot be considered completely bad, but neither is it a very comfortable one. Incorporation of the AM-X's conferred a new dimension on Brazilian air power. That highly sophisticated aircraft made the country considerably stronger in the area of leading-edge aeronautical technology and gave it a combat capability which it had not had for a long time. Using in-flight refueling, the AM-X can reach any point in the national territory and, if necessary, go beyond our borders. Having overcome supply problems, the FAB is operating the aircraft in what is known as the final operations clearance phase, in which the AM-X is able to carry out complete attack missions. But the AM-X project is 15 years old, and improvements in its onboard electronics will soon have to be made. One example is multifunction radar, and hopes are that the new radar will be the SCP-01, which was developed in Brazil (see TECNOLOGIA & DEFESA, No. 64) and will mean a big leap forward for the aircraft's combat envelope.

Meanwhile, the FAB's other fighter pilots—those not flying the AM-X—are struggling with aircraft whose fighting capability may be considerably compromised in one way or another because of their outdated systems. The Air Defense Group's Mirage F-103's were modernized to some extent when they received minor avionic improvements, canards, and rails for Sidewinder missiles. At the time, budget restrictions prevented a more thoroughgoing modernization of the Mirages, and it is not likely that any further modernization will occur, since the aircraft's retirement from service is scheduled to occur within the next 10 years at most.

On the other hand, plans for the F-5E/F's are very ambitious. The FAB is in a position to begin modernization this year, and at the same time it will try to find F-5/F's abroad to replace the remaining F-5/B's. With an outlay of about $250 million, the program covers the installation of modern onboard electronic systems very similar to those that will be used on the AL-X, and there will be significant participation by domestic industry. The intention is to modernize about 50 aircraft by the year 2000. After completion of that work, which will enable the Tigers to use smart weapons, the FAB will have a powerful force of tactical fighter planes perfectly suitable for a period of 15 more years.

Opinion is unanimous regarding the modernized Tiger's good qualities and performance as a tactical fighter. More than a few nations have been careful to modernize their inventories already or are doing so now. At any rate, the Tigers in service will end their long career around 2015, and by then Brazil's Mirages will have also been retired. Logically, that is a gap that cannot be justified, and the Air Force General Staff, in cooperation with the Coordinating Committee for the Combat Plane Program (Copac) and the Department of Research and Development (Deped), is working on the specifications for a new air superiority aircraft, the F-X.

The future fighter plane must be capable of high rates of climb and high horizontal speeds, be able to operate from relatively short runways, and use smart weapons. The Basic Operational Requirements (ROB's) and the Preliminary Logistic and Industrial Requirements (RTLIP's) are both ready and are in the process of completion. The F-X may be based on a joint development program (like the AM-X), or it may be bought in the form of an aircraft already on the market. If the second option is selected, the platform will undergo local modifications (using the know-how inherited from such programs as the AM-X and the AL-X) aimed at meeting Brazilian specifications and in order not to create excessive dependence on other countries.

Progress

Modern platforms will do no good unless adequately supplied with their indispensable complement of war materiel: armament. In that respect, considerable progress is being made by the Brazilian Air Force. One of today's priorities is to absorb so-called smart systems such as bombs and missiles guided by laser, TV, or infrared. A number of air-to-air missiles will be acquired to replace the antiquated AIM-9B's, and

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batteries of tests are continuing on the MAA-1, which is ready for certification.

The next step will be the direct development of air-to-surface, antiship, and antiradar missiles and a medium-range air-to-air missile for use on the Mirage in place of the current Matra 530's. Basic Operational Needs (NOP's) are currently being established or the Basic Operational Requirement (ROB) is being worked up for those weapon systems. In the field of conventional weapons, the 230kg and 460kg bombs are ready, as are the 120kg bombs for the Tucano. Completion of the test campaign with antirunway bombs is being awaited.

Attention should be drawn to the purchase of Russian-made Igla portable antiaircraft missiles like those received by the Brazilian Army. That event places the FAB in a completely unprecedented situation: that of being responsible for its own protection from air attacks on its bases, installations, and radar sites. There is a long road ahead before the FAB will be able to have its own point defense organizations in a "ready state," but the initiative is undoubtedly of the highest importance for overcoming a chronic shortcoming.

Along with its equipment modernization, the Air Force has been investing in its human resources by taking advantage of the man-hours made available by the reduced air effort. In the field of training, opportunities for military and civilians to attend improvement courses have been expanded. It is obvious that any modernization requires more qualified manpower, and for that reason, the Air Force General Staff is undertaking actions to meet the manpower needs of military aviation as it currently exists with its special level of sophistication.

Fully restoring a military force is not something that one accomplishes in just a few steps. An air force's scope of operations covers a field of activities in which technology moves very quickly, pulling doctrines behind it. The FAB High Command knows that, and it is also familiar with the needs of other sectors within the Air Force. The hope is that ridiculous budgets will become part of history and that the FAB's skies will again turn blue.

Brazil: Roundup of Economic Reports Through 7 May

PY0905183096

[FBIS Report] The following is a compilation of reports on economic activities in Brazil monitored through 7 May.

BASIC LEADING INDICATORS

Highest Unemployment Level Since 1992 — The March unemployment level is at its highest since May 1992. The Brazilian Institute of Geography and Statistics, IBGE, has announced that unemployment — which has been going up for seven consecutive months — stands at 6.38 percent. The rate stood at 5.70 percent in February, and at 4.42 percent in March 1995. The unemployed in six metropolitan regions checked by the IBGE — Recife, Salvador, Belo Horizonte, Rio de Janeiro, Sao Paulo, and Porto Alegre — stands at 1.1 million people, 578,000 of whom live in Sao Paulo. Precariousness — which covers the overall number of unemployed and workers earning up to one minimum wage — stood at 13.90 percent in March, while it stood at 13.18 percent in February and at 12.13 percent in March 1995. Unemployment in Greater Sao Paulo stood at 7.65 percent in March — almost twice that of March 1995. Unemployment within Sao Paulo manufacturing industries increased by 69 percent in March compared to the same month last year. In the metropolitan area of Porto Alegre, the unemployment rate stood at 6.61 percent, twice the rate registered last year. (Sao Paulo GAZETA MERCANTIL in Portuguese 3-5 May 96 p A5)

Vehicle Sales Drop — Retail sale of cars and small trucks in April dropped by 8.64 percent compared with February. Manufacturing companies distributed 130,979 units in April, a drop of 3.14 percent compared with February. Volkswagen manufactured the most cars in April, with Fiat second. (Sao Paulo O ESTADO DE SAO PAULO in Portuguese 4 May 96 p B5)

Brazilian GDP Increase Noted — Preliminary figures released on 6 May by the IBGE show the Brazilian GDP rose by 4.20 percent in 1995 to 631.7 billion reals, R. Also based on preliminary figures, the national per-capita income in the same period stood at R4,053.72 or $4,415.82. The IBGE has also reported that the financial system is in crisis and that the financial institutions received R41.5 billion in 1995 resulting from the difference between interest received and those paid. This is a 5.33 percent increase on the R39.4 billion paid in 1994. Eloisa Figueiredo, head of the IBGE National Accounts Department, said the participation of financial intermediation activities in the GDP dropped from 13 to 7 percent. Thus, the drop in inflation caused the profitability of these institutions to fall. The industrial and livestock areas also lost economic weight last year. The industrial GDP totaled R185.8 billion, but the sector's participation in the economy dropped from the 37.3 percent in 1994 to 34.4 percent in 1995. The livestock area's GDP totaled R71.6 billion, but its participation in the economy also dropped — from 14.3 to 13.3 percent. (Sao Paulo O ESTADO DE SAO PAULO in Portuguese 7 May 96 p B3)

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FINANCIAL OPERATIONS

Company Reorganizes Structures, Cadres — The Villares Group has purchased the Eletrometal company and created the Villares Metals Company. This new enterprise faces the challenge of producing 5,700 tonnes of steel per month. The group wants to transfer its steel plate plant from Sao Caetano, Sao Paulo, to Sumare, also in Sao Paulo. This implies dismissing several employees and redesigning machinery at an overall cost of R23 million; R12 million of which will go in redundancy pay. Once the transfer is complete, the Sao Caetano plant will be sold. (Sao Paulo GAZETA MERCANTIL in Portuguese 2 May 96 pp A1, C1)

The Cargill Agricola company — the Brazilian subsidiary of the largest commodities enterprise in the world — plans to invest $150 million in Brazil during the next U.S. fiscal year. This is three times the average investment by Cargill. Nearly $50 million will be absorbed in a plant to produce citrus acid from sugarcane. This acid is used to preserve food. The plant will probably be built in Minas Gerais State although, as Cargill President Henricus Matheus Mathot complained, the local administration is not showing any interest in the investments the company may make in the state. (Sao Paulo GAZETA MERCANTIL in Portuguese 2 May 96 Pp A1, B16)

CSN Creates Holding — The National Iron and Steel Company, CSN, the largest Brazilian steel plate producer made R2.5 billion profit in 1995. Within 30 days it will begin a reorganization process. It will become a group with activities in three main business areas: steel, energy production, and infrastructure and logistics. The logistics area will look after ports and railways. Each group will be headed by an executive with the status of president. The new organizational structure has been designed with the technical support of the McKinsey international consulting company. The operational structure will be subordinated to a corporate center, which will act as the group's think-tank, control the group's finances, and draft policy and strategic plans. (Sao Paulo GAZETA MERCANTIL in Portuguese 2 May 96 Pp A1, C1)

Debt Certificates Issued in Portugal — National Treasury Secretary Murilo Portugal arrives in Lisbon on 2 May to sign a contract for issuance of Eurobonuses for the value of $80 million. This will be the first time Brazil has issued debts certificates in Portuguese currency. The certificates were placed on the market on 18 April and, in the opinion of the banks that conducted the transaction, the operation was a success because "the demand was 25 to 30 percent higher than expected." The Brazilian Central Bank will receive the money resulting from this transaction on 15 May. The Eurobonuses will pay 2.4 percent more than the Lisbon reference interest rate, which is currently 7 percent. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 2 May 96 Section 2 p 9)

Bahia Attracts Asian Enterprises — Bahia Governor Paulo Souto and entrepreneurs and officials from Taiwan, Hong Kong, and Singapore have signed a protocol contemplating the installation in Bahia State of four enterprises of the Asian Group TIC, which will represent an overall investment of R10 million. The following agreements were also signed: A R1.5-million contract for the installation of a Phyllis plant to produce textile area equipment, which will create 160 direct jobs; and a unit to manufacture PET bottles for soft drinks and mineral water at the Camacari Petrochemical Center. The whole project is entitled Shangri-la and represents the first Taiwanese investment in the industrial and trade areas in Latin America. The plants will be built on a 1 million square meter lot that belongs to the state administration. A 500,000 square meter residential compound for investors and their families will be built along the Coco Highway in the northern coast of Bahia State. A delegation of 90 Taiwanese entrepreneurs will arrive in Brazil on 22 May. Governor Souto will meet them in Brasilia. (Sao Paulo GAZETA MERCANTIL in Portuguese 3-5 May 96 p C3)

Chile

Chile: President Promulgates Environmental Regulation

PY0805222396 Santiago EL MERCURIO in Spanish 4 May 96 pp A1, A28

[FBIS Translated Excerpt] More than 1,000 investment and development projects per year will have to be subject to the Environmental Monitoring System [Sistema de Evaluacion de Impacto Ambiental], SEIA, after President Eduardo Frei yesterday promulgated this compulsory procedure necessary to obtain the approval of a project.

However, according to the business sector, the number of projects that will have to be accompanied by an Environmental Impact Study [Estudio de Impacto Ambiental], EIA, will not amount to more than 120 per year.

The real scope of this measure, which was endorsed by the private sector because it does not consider it restrictive, is strongly opposed by environmentalists, who yesterday accused the executive branch of "environmental fraud" by issuing this regulation.

The regulation, to be published in the official gazette once it is acknowledged by the Comptroller General's

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Office, clearly establishes what types of projects should be submitted to the National Environment Commission, Conama. The purpose of the study is to assess the impact the projects will have on the environment.

In order to prevent a delay in the approval or rejection of the study by the pertinent authorities and the paralyzation of productive investments in the country, a 120-day deadline has been established, after which the study will be automatically accepted. [passage omitted]

The head of state, who with his signature has caused to materialize the fourth and last regulation necessary for the full implementation of the Environment Law, asserted that this regulation is necessary during times in which trade relations with other countries demand the preservation of such resources.

Frei said: "In the international economic scenario in which Chile operates, we are gradually acquiring the role of partners within commercial blocs in which environmental laws and protectionist measures against environmental "dumping" [preceding word in English] are the growing and key issues of concern."

Genaro Arriagada, minister secretary general of the Presidency, yesterday noted that the implementation of the SEIA puts an end to a voluntary and experimental process in force since 1994 and marks the beginning of a stricter system. [passage omitted]

The promulgated regulation takes into account the experiences of several countries, among them Canada and the United States, and also corrects defects of others, such as that of Mexico, where a "blockage" resulted in the paralyzation of more than 4,000 studies submitted for revision.

While drafting the regulation, a process that took two years, the executive branch took into account the viewpoint of a great number of institutions. Therefore, Frei asserted yesterday that "nobody can argue they were not consulted."

Basically, the regulation establishes that only those projects — whether public or private — that, because of their nature or scope, may have a significant impact on the environment, in other words, represent a "risk to the environment," must be accompanied by a study.

The remaining projects will be accompanied by a sworn statement promising to respect the regulations in force, especially those concerning quality.

The regulation includes a series of programs to mitigate, repair, or compensate those projects or activities that have an impact on the environment. The former are designed to avoid, minimize, or reduce the adverse effects of the project, while the latter seek to return to the environment or one of its elements a quality similar to the one it enjoyed prior to the implementation of the project.

The compensation measures seek to produce or generate an alternative and equivalent positive effect relevant to an identified adverse effect, that is, to replace damaged natural resources.

The regulation lists the sanctions that may be applied by Conama or the Regional Environment Committee (Coremas) for violating the law. These sanctions range from a warning and charging of a fine to the revocation of the resolution approving the project.

President Frei said that the government's environmental policy seeks to generate the basic conditions for sustainable development, and for this it bears in mind some principles, among which he mentioned stable laws, the gradual implementation of changes, realism, and participation. [passage omitted]

Colombia

Colombia: Court Says Extradition Topic 'Dead Letter'

PA1005022596 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 9 May 96

[From the "National Newscast"; monitored from retransmission by Lima Sistema Unido de Retransmision Television at 0000 GMT on 10 May]

[FBIS Translated Text] Carlos Gaviria Diaz, president of the Constitutional Court, reiterated that the topic of extraditions is a dead letter and could only be revived through a constitutional amendment. He faced the magistrates who clarified their vote.

[Begin Gaviria recording] I would say that, for me, it was a surprising vote clarification. I would also dare to say that it was impertinent because this was not the topic being discussed. [end recording]

In a vehement tone, former court president Jose Gregorio Hernandez, one of those who believes that extraditions are still in force even though they cannot be applied, defends his dissenting vote:

[Begin Hernandez recording] It is our position and we have a right to it. No one can limit our right to give an opinion on a legal norm, under our certain criteria, which is what we express and what remains on record as a ruling. [end recording]

Even though most court members believe that the decision has been made, it could be revived in the event that another international agreement were received for consideration.

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The "National Newscast" was able to establish that already, the first threats have been made against the three magistrates who clarified their vote.

Colombia: Magistrates View Dispute on Extradition Treaty

PA0905201696 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 9 May 96

[From the "National Newscast"]

[FBIS Translated Text] The issue of extradition has sparked a controversy at the Constitutional Court. The magistrates created a confrontation and calls have been made to resurrect the issue.

By reiterating the fact that the extradition issue is formally decided upon and that it would only be reconsidered through a constitutional reform, Carlos Gaviria Diaz, president of the Constitutional Court, challenged the magistrates who issued an explanation for their vote.

[Begin Gaviria Diaz recording] I would say that their explanation was surprising, on the one hand, and impertinent on the other, because this was not the issue under discussion. [end recording]

In a vehement tone, former Court President Jose Gregorio Hernandez, who is among those who believe that extradition is in effect even if it cannot be applied, defended his dissenting position.

[Begin Hernandez recording] This is our position, and we are entitled to express our views. No one can restrict our right to give our opinion on a juridical norm under specific criteria. This is our idea, our belief, our opinion, which we stated in the ruling. [end recording]

Although most Court members consider the discussion over, this issue may be resurrected if another international agreement is presented before the Court. The "National Newscast" was able to determine that threats have been made against the three magistrates who defended their voting.

Colombia: Magistrates Say Extradition Treaty 'Valid'

PA0905174596 Santa Fe de Bogota EL TIEMPO in Spanish 9 May 96

[Received via Internet]

[FBIS Translated Text] The magistrates have stated that the treaties signed and reached before the 1991 Constitution are untouchable. What happens is that the agreement on extradition is inapplicable.

Once more the issue of extradition generated controversy in the field of justice.

Three magistrates of the Constitutional Court yesterday supported the thesis that the extradition treaty Colombia and the United States signed in 1979 is still valid, as well as other agreements reached by the country before the promulgation of the 1991 Constitution.

Jurists Jose Gregorio Hernandez, Hernando Herrera, and Vladimiro Naranjo issued the aforementioned opinion because, according to the 1991 Constitution, the foreign relations of the state are based on recognizing the principles of International Law accepted by Colombia.

Upon explaining their vote in a ruling that supports the law approving [ley aprobatoria] a treaty to prevent and penalize acts of terrorism signed in New York in 1971, Magistrates Hernandez, Herrera, and Naranjo recalled, however, that Article 35 of the Constitution bans the extradition of Colombians by birth.

The extradition treaty between Colombia and the United States, signed in 1979, was left in limbo following two Supreme Court of Justice rulings that declared void the law that had approved it. The first ruling was handed down on 11 September 1986.

In practice, although the treaty is still in effect, the three jurists remarked, it is inapplicable because the aforementioned law was declared void.

Untouchables

According to jurists Hernandez, Naranjo, and Herrera, the agreements reached by Colombia before the 1991 Constitution went into effect are untouchable, because Colombia at some point in time acquired an international commitment.

"In short, the treaties reached before the 1991 Constitution were not affected by the promulgation of the Constitution, nor are they subject to constitutional review," they stressed.

The explanation of the vote of the three magistrates was prompted by Article 5 of the treaty. This provision specifies that when the requested extradition is not applicable because the person whose extradition is being requested is a national or there are other constitutional or legal obstacles, the state from which the extradition is being requested is obliged to present the case before competent authorities.

In their explanation, the jurists stated:

"We believe that Article 5 of the agreement will apply, for the purposes of Article 35 of the Constitution (non extradition), only in those cases in which Colombia

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does not have international commitments regarding extradition treaties reached before 7 June 1991 (date on which the current Constitution went into effect).

"In other words — the three magistrates asserted — the exception on the constitutional ban to extradite Colombian nationals, based on Article 35 of the Constitution, will only apply, according to our understanding, with regard to international treaties on extradition reached after 7 July 1991.

"It cannot include obligations that the Colombian State had already contracted internationally," they indicated in the text of the explanation.

Thus, according to Hernandez, Herrera, and Naranjo, "the bilateral nature of the treaty implies that it is binding for contracting states regardless of whatever may occur later within each state. Said commitment cannot be unilaterally disavowed."

Colombia: Jurists' Opinion on Extradition Treaty Viewed

PA0905180496 Santa Fe de Bogota EL TIEMPO in Spanish 9 May 96

[Unattributed article — received via Internet]

[FBIS Translated Text] Although the government has said that the subject of extradition is not in its agenda and that even if it were, it would not be possible to approve a constitutional amendment during the Samper administration, the thesis presented by three jurists sets an important precedent in the Constitutional Court.

In practice, the explanation given by Hernandez, Herrera, and Naranjo for their votes will have no effect. It made it clear, however, that in their opinion, the treaties that were modified — signed and ratified — by Colombia before the 1991 Constitution are untouchable. That thesis could also be applied to other matters, such as border agreements.

A member of the Constitutional Court noted that the extradition treaty — signed between Colombia and the United States in 1979 — cannot be applied, however, because there was no approving law [ley aprobatoria]. At the time, the Supreme Court declared it void [inexequible].

Colombia: Government Rejects Presence of U.S. Troops

PA0905182296 Mexico City NOTIMEX in Spanish 1632 GMT 9 May 96

[FBIS Translated Text] Santa Fe de Bogota, 9 May (NOTIMEX) — The Colombian Government has flatly rejected the arrival of foreign troops in its territory, in response to the decision of Panama to authorize U.S. military operations in the border.

Colombian Defense Minister Juan Carlos Esguerra stated before Congress that the Colombian Armed Forces are ready to defend the sovereignty, in light of the possibility of an incursion of foreign troops through any of its borders.

Panama, which does not have an Army, accepted that U.S. troops patrol "for short periods" of time the border with Colombia to "support Panamanian authorities in providing" border "security," Panamanian Government Minister Raul Montenegro, has explained.

This was prompted by a letter that the guerrilla group Revolutionary Armed Forces of Colombia (FARC) sent to the government of Panamanian President Ernesto Perez Balladares, in which the group states that it will not attack the Panamanian border police.

The rebels affirmed that their struggle is against Colombian authorities and, therefore, there should not be fear of incursions in the neighboring country.

Nevertheless, Minister Montenegro remarked that Panama will remain alert to avoid any regrettable incident.

But the Colombian defense minister affirmed before Congress that "if military units from any country trespass any of the borders," the local "Armed Forces will react immediately."

Esguerra explained that he does not believe in the possibility of an invasion of Colombia in that region, evidently a jungle region, or in any other part of the country.

"In the face of possible military actions or armed interventions from abroad, regardless of where they may come from, we assure you that we will not tolerate them, that we will reject them, and that we will confront them with whatever means we have to do so," Esguerra noted.

The issue emerged after the decision of the Panamanian Government was learned and during a discussion on the security in the Uraba banana-producing region, in northwest Colombia and close to Panama, affected by a serious situation of violence.

Congressman Fabio Valencia warned that the high mortality rate due to the action of criminals and the Colombian Armed Forces' inability to stop them, could generate a U.S. invasion in the region.

This possibility was rejected by the minister, who ruled out the possibility of accepting any foreign force in the area and much less a military intervention.

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The Colombian Government has had border problems with its neighbors due to the actions of rebel groups, particularly on the Venezuelan border, where several soldiers and guerrillas have died in recent months.

The Colombian Government expressed its confidence that this situation will not generate further international problems, adding that it is working to control guerrillas in border areas.

Colombia: Minister on Reports of U.S. Military Presence

PA0905192596 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1700 GMT 9 May 96

[Report by Luis Eduardo Carrillo; from the "RCN Radio Events" newscast]

[FBIS Translated Text] Military Forces Commander Admiral Holdan Ovidio Delgado Villamil has said there is no official information regarding the presence of U.S. soldiers on the border region with Panama, but noted the Colombian Government and its military forces must authorize any flight or presence.

[Begin recording] [First unidentified reporter] [Words indistinct] regarding the U.S. presence?

[Delgado] That is what the media say, that is all. All I know is the press report.

[Second unidentified reporter] Were you informed, admiral?

[Delgado] No, I read it in the newspapers.

[Unidentified reporter] Isn't sovereignty [words indistinct]?

[Delgado] We have to authorize any flight over our territory.

[Unidentified reporter] Did the Panamanian Government inform you?

[Delgado] I do not know; one would have to ask the Foreign Ministry. [end recording]

On this matter, Defense Minister Juan Carlos Esguerra said:

[Begin Esguerra recording, in progress] ...its accurate or official. Today we have been trying to learn if this report is accurate and official. Only when we know these things will we be able to analyze the situation, analyze it [words indistinct] the Foreign Ministry, the Defense Ministry, and the government and see whether or not any kind of reaction, communication, or comment is in order. We will see. [end recording]

Colombia: Envoy to Panama Views U.S. Military Operations

PA0905183596 Panama City Circuito RPC Radio in Spanish 1250 GMT 9 May 96

[Telephone interview with Ambassador to Panama Alfonso Araujo Cotes by Dario Arizmendi, news director of the Colombian Emisoras Caracol Network; place not given — recorded]

[FBIS Translated Text] Given its importance and in response to numerous calls we have received from radio stations and Colombian news agencies regarding the subject of the authorization of U.S. military operations at the border with Colombia, we have tried to contact various government officials, including the government minister, with no results. We have been unable to reach them by phone, or they have preferred not to comment on the subject.

However, our colleagues at the Colombian Emisoras Caracol Network interviewed Colombian Ambassador to Panama Alfonso Araujo Cote, who expressed his views on this measure adopted by the Panamanian Government. We will reproduce the conversation between our colleagues at the Emisoras Caracol Network and the Colombian ambassador to Panama:

[Arizmendi] Good morning, Mr. Ambassador.

[Araujo] Good morning, how are you?

[Arizmendi] Very well, sir. There is great concern and, of course, there is a lot of speculation, many interpretations, and great alertness — why not say it — about the Panamanian Government's decision to permit military maneuvers by U.S. troops at the border with Colombia. Has President Perez Balladares or any government representative informed you of this, Mr. Ambassador?

[Araujo] No, we have no official information whatsoever about this. Some time ago we learned that some drug trafficking and guerrilla groups frequently enter Panamanian territory to rest, as they say. In addition, the Panamanian Government received an anonymous letter in which the groups were quoted as saying that they do not want any confrontations with the Panamanian Government, and in which they proposed an agreement to prevent clashes in the area. That is all we know.

[Arizmendi] Have you received instructions from the Colombian Foreign Ministry or government to try to determine the scope and dimension of the decision made by the Panamanian Government in that regard?

[Araujo] No. I have received no information on the subject. I expect to hear something today. I will be

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meeting with the government minister today to define the situation, in other words to find out how and under what terms U.S. troops will be deployed to the border area.

[Arizmendi] Mr. Ambassador, is there any danger that the presence of U.S. troops at the Darien border with Colombia could result in regrettable incidents, that the Colombian narcoguerrillas could stage an attack that could lead to an unfortunate incident of incalculable consequences?

[Araujo] Well, more than an action, I believe that this will be logistical support with aircraft that will provide support when necessary. I do not believe, however, that U.S. planes will attack any guerrilla sector at the border.

[Arizmendi] In that regard, we recall a statement made not more than 90 days ago by General Norman Schwarzkopf, who commanded the U.S. troops during the Persian Gulf War in 1991. He said that Colombia could become a war zone in the next few years, that it was a military priority for the United States. He also said that the Pentagon was contemplating various alternatives for Colombia as the problem of drug trafficking could seriously jeopardize U.S. security. Could this be the first step in that scenario so clearly outlined by Gen. Schwarzkopf?

[Araujo] That's an opinion of the U.S. Government and Armed Forces. I believe the Colombian Government has firmly and clearly stated its position in that regard. We will not allow any military forces, from any government, to cross the Colombian border.

Colombia: Electoral Council Urges Charges Against Samper

PA0905154096 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1200 GMT 9 May 96

[Report by Gilberto Alvarado; from the "RCN Radio Events" newscast]

[FBIS Translated Text] The National Electoral Council has already made some decisions on filing charges against the presidential campaigns of Ernesto Samper Pizano and Andres Pastrana for exceeding the spending ceiling in both electoral rounds. These decisions will be made public on Friday, after those implicated are notified.

The decision regarding the violation of the spending ceiling, set by the electoral law at 4 billion pesos, was not adopted by consensus, although Council members held an 11-hour plenum meeting, which ended at 0400.

Magistrate Oscar Jimenez Leal stated that any decision made by the Electoral Council during its next plenum meeting will first be reported to those who are implicated in the investigations. We are going to change the story so that those accused do not learn of the decisions adopted by judicial authorities from the media, Magistrate Jimenez Leal told reporters.

As RCN already reported, Counsels Alfonso Guzman and Carlos Javier Sanchez, who conducted the investigation into the Samper for President campaign, asked the Council plenum to file charges against the Liberal Party [PL] campaign for exceeding the spending ceiling by over 7 billion pesos in the two electoral campaigns.

The jurists recommended that the plenum file charges against then-candidate Ernesto Samper; Fernando Botero, campaign manager; Juan Manuel Avella, administrative director; Santiago Medina, campaign treasurer; and Alonso Escobar Barrera, control official.

RCN has learned that in the motion PL campaign accountant Hector Elias Borjes was exonerated of any responsibility for exceeding the spending ceiling.

Meanwhile, at least one of the two investigators of the New Democratic Force campaign recommended that the Electoral Council also file charges against that party for exceeding the spending ceiling by approximately 1 billion pesos. The motion, submitted by Magistrates Oscar Jimenez Leal and Rodrigo Noguera, in which there was no consensus, considers that then-candidate Andres Pastrana and some of the campaign directors should be held accountable for this violation, including Mauricio Suarez Copete, Claudia de Francisco, and Francisco Salazar.

Up to now, decisions have been made, but due to formalities and procedures it is not appropriate to publicize them through the media, said Electoral Council Vice President Alfonso Guzman.

In the meantime, the State Council, the highest administrative court in Colombia, through its Electoral Affairs Section, is about to make a decision — today or tomorrow — on whether spending ceilings in the electoral campaigns will be canceled or not.

If the State Council decides that there should not be a spending ceiling, the investigation being conducted by the National Electoral Council on the electoral spending ceiling would cease.

If the State Council decides to eliminate spending ceilings, this will obviously affect the criminal investigation on Case 8000, that is, the investigation being conducted by the Prosecutor General's Office.

RCN has learned that in the electoral session of the State Council two positions are being studied: one is by

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the counsels who argue that spending ceilings should be maintained, and the other is by the counsels who say there should not be a ceiling to the financial spending of campaigns.

Counsels Amado Gutierrez and Mario Alario Mendez are presiding over the discussion at the Electoral Affairs Section of the State Council, which will make a decision in the next few hours.

If the spending ceiling is repealed, if the State Council considers that there should not be an electoral spending ceiling, I insist, the investigation by the Electoral Council would cease and the criminal investigation of the Case 8000 would be affected.

We should pay attention to the decision the State Council will make. RCN will immediately broadcast any decision made.

Colombia: Electoral Council Files Charges Against Samper

PA0905193596 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1700 GMT 9 May 96

[Report by Gilberto Alvarado; from the "RCN Radio Events" newscast]

[FBIS Translated Text] The National Electoral Council, entity responsible for overseeing the electoral process in the country, has filed charges against President Ernesto Samper, former candidate Andres Pastrana Arango, and eight collaborators of the 1994 presidential campaigns.

The decision was made after the approval of the motions presented by magistrates Carlos Ariel Sanchez, Alfonso Guzman, Oscar Jimenez, and Rodrigo Noguera. They determined that the Samper and Pastrana campaigns violated the spending ceiling, set at 4 billion pesos, for the two electoral rounds.

The list of charges which is being reported, in writing, to those accused also includes, in addition to the President Ernesto Samper Pizano in the Liberal Party campaign, Fernando Botero, Juan Manuel Avella, Santiago Medina, and controller Alfonso Escobar Barrero. The National Electoral Council also charged former candidate Andres Pastrana, Mauricio Suarez Copete, Claudia de Francisco, Luzmeli Fajardo, and Francisco Salazar, official from the Everyone For Colombia Foundation.

Meanwhile, Vice President Humberto de la Calle Lombana and accountant Hector Elias Borjes, representing the Liberal Party, were exonerated from any violation of the law governing political parties. Vice presidential candidate Luis Fernando Ramirez Acuna, from the New Democratic Force, was also exonerated.

The Electoral Council determined that the Samper For President campaign exceeded by 7.2 billion pesos the ceiling and the Andres For President campaign exceeded the ceiling by 1.2 billion pesos. In addition, the latter political campaign... [1-second break in reception] 10 foundations besides the Everyone For Colombia Foundation, which were used for channeling moneys for the campaign. These moneys were not reported to the Central Treasurer's Office.

Finally, the 10 aforementioned individuals will have 15 days to present their corresponding depositions. Afterward, the Electoral Council will decide whether to establish the fines set forth in the law.

Colombia: Attorney General Suspends Valdivieso Case

PA0905144596 Santa Fe de Bogota EL TIEMPO in Spanish 8 May 96

[Received via Internet]

[FBIS Translated Text] The Attorney General's Office will not continue its investigation of Prosecutor General Alfonso Valdivieso Sarmiento. The Senate of the Republic will have to appoint an ad hoc prosecutor who will be responsible for continuing the investigation.

The reason for this turn of events is that yesterday acting Attorney General Luis Eduardo Montoya Medina declared himself disqualified to continue the investigation against the prosecutor general. In a news conference, Montoya Medina admitted that because he had expressed an opinion on Valdivieso's case, he could be accused of prejudgment and asked the Senate to appoint a new and impartial investigator to continue the investigation.

The case will be suspended until a new attorney general appointed by the Senate assumes the case. Once this happens, the ad hoc prosecutor will have to adopt one of three decisions:

One option would be to disregard work previously accomplished by the office of the suspended attorney general in order to guarantee the absolute transparency of the investigation.

Another option would be to continue the investigation conducted by Vasquez Velasquez, begin to analyze the evidence, and issue a ruling.

The last option would be to comply with the doctrine of the Constitutional Court and declare himself disqualified to investigate the prosecutor general and refer the case to its constitutional judge, the Congress of the Republic.

Whatever the case, the time for the investigation of Valdivieso into actions committed during his tenure as

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education minister is approaching its expiration date, and it will be impossible to continue any disciplinary or criminal action against him.

It will be invalidated because investigations are null and void after five years, according to the terms of investigations into alleged anomalies committed by government officials.

Valdivieso is under investigation because of an action committed in June 1991, which means that in June 1996 the investigation will have to be completed, either by the ad hoc prosecutor or by Congress.

Acting Attorney General Montoya Medina has been questioned, because he was the closest official to Vasquez Velasquez in the apparent series of confrontations between the Attorney General's Office and the Prosecutor General's Office.

Even the Supreme Court of Justice is conducting a preliminary investigation against Montoya to establish whether or not he was implicated, in any way, in the possible drafting of a lawsuit to help the case against the prosecutor general.

The Prosecutor General's Office, at the request of the Court itself, is conducting a criminal investigation against Montoya based on this evidence. In the coming days, the acting attorney general will be questioned on this case.

Yesterday, however, the official was optimistic about answering any question and refuting the charges, while ruling out any intention to resign.

The acting attorney general indicated that although he supported and still supports Vasquez Velasquez, this position does not affect, in any way, the responsibility he assumed last Friday when he was designated acting attorney general.

Concerning the citation by the prosecutor general, Montoya said that he hopes he will be summoned so that he can clarify his participation in the investigation against Prosecutor General Valdivieso on actions committed when he was education minister.

The Attorney General's Office, through Montoya, indicated that it does not intend to either attack the Prosecutor General's Office or hinder the cases being handled by this organization.

In this regard, the office said that the only thing the attorney general has done is investigate the cases or actions deemed reprehensible on the part of government officials, regardless of the institution for which they work.

Colombia: Acting Attorney General Summoned for Inquiry

PA1005043496 Santa Fe de Bogota Emisoras Caracol Network in Spanish 0339 GMT 10 May 96

[Report by Samuel Salazar Nieto; from the "Radio News" newscast]

[FBIS Translated Text] Attention, please. Acting Attorney General Luis Eduardo Montoya Medina has been summoned for questioning. Caracol has been able to establish that the Supreme Court of Justice's Prosecutor's Unit has formally linked Montoya Medina to the case it is investigating. This decision was prompted by the documentation provided by the Supreme Court of Justice to the entity presenting the charges [ente acusador] after deciding to suspend Attorney General Orlando Vasquez Velasquez.

The Supreme Court of Justice believed there was sufficient merit to summon Montoya Medina for questioning on charges of falseness and procedural fraud. The Supreme Court of Justice Prosecutor's Unit has summoned him for questioning on 13 May.

Attention, please. As part of the same case, Attorney General Orlando Vasquez Velasquez will also have to appear on 14 May and respond to charges of alleged falseness and procedural fraud. He is currently being detained after being linked to the Case 8000.

Colombia: Liberal Party Suspends Attorney General

PA0605182896 Santa Fe de Bogota EL TIEMPO in Spanish 5 May 96

[Received via Internet]

[FBIS Translated Text] The Liberal Party's Ethics Control Council decided yesterday to suspend indefinitely from the political party Attorney General Orlando Vasquez Velasquez, who is being held at the DAS [Administrative Department of Security] Aquimindia School, charged with illegal enrichment.

The decision was made based on an order to detain him filed by the prosecutors' unit at the Supreme Court of Justice. Council President Crispin Villazon de Armas made the announcement.

Colombia: Council Removes Ceiling on Campaign Fund Limits

PA1005014496 Madrid EFE in Spanish 0005 GMT 10 May 96

[FBIS Translated Text] Santa Fe de Bogota, 9 May (EFE) — The Colombian Council of State today removed the legal basis on which the administrative cases

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rested that dealt with exceeding the expense limit on President Ernesto Samper's campaign and that of his main adversary in the 1994 elections, Andres Pastrana.

The high tribunal repealed two resolutions in which the National Electoral Council (CNE) established 4 billion pesos ($3.76 million) as the maximum limit that presidential hopefuls could invest.

These regulations had been adopted by the CNE in March and June 1994 to control the entry of fund contributions to the Colombian elections.

The Council of State's decision has left without a legal basis the CNE investigation into Samper and Pastrana's political organizations for violating the uppermost expense limit.

Magistrate Aladio Mendez, who prepared the opinion on behalf of the Council of State, explained to the journalists that the CNE could not have placed limits on the amount of money third parties decided to contribute to the country's political campaigns.

The CNE is not empowered to set contribution limits by third parties to these electoral enterprises, he added.

Mendez added that the electoral authorities do have the power to control the financing of the candidates themselves or their families.

The overturning of the CNE resolutions is retroactive, Council of State sources explained, which no doubt entails the immediate suspension of the administrative enquiries against the campaign activities of Samper and Pastrana.

The president's campaign reportedly cost more than 10 billion pesos ($9.4 million), while that of his adversary exceeded by 1.2 billion pesos ($1.13 million) the maximum legal limit of $3.76 million.

According to various political sectors, the Council of State's decision could also have an effect on the huge legal case on the infiltration of drug-trafficking money into the 1994 elections, which the Office of the Prosecutor General of the Republic is following.

These reports have the Samper government in a crisis since a year ago. His campaign has been accused of having received millions in contributions from the Cali cocaine cartel.

Colombia: President Discusses Military Issues

PA1005041096 Santa Fe de Bogota Radiodifusora Nacional de Colombia in Spanish 1540 GMT 9 May 96

[Speech by President Ernesto Samper Pizano at the Advanced War College in Colombia — live relay]

[FBIS Translated Text] Messrs. generals, Messrs. officers, Messrs. students, ladies, and gentlemen:

My visit this morning is of special significance. I come to comply with something that has now become a sort of ritual, or liturgy for the presidents of the Republic. I am here at such a special ceremony to communicate to the high command, the generals, and officers in training, some reflections. I believe that my duty as president is to take advantage of this venue to relay, similar to what I did last year, some thoughts as to what the president believes regarding the development of what generically could be called the military topic.

The fundamental basis of the government's military policy is defined in the national Constitution and basically refers to the need to ensure by constitutional mandate that the legitimate monopoly of power lies with the state. This is the essentially what we could call the government's military policy. How is this monopoly established or reestablished? First of all, let us begin by stating that it excludes a concentration of power in the hands of the head of state. It excludes actions or disarmament of the public force, which is something that has been taking place these past few days and is of great concern.

The government does not consider timely the proposals now being made to disarm the public forces — be it the Army or the National Police — and much less does it consider them as something that contributes toward defending order. To the contrary, we believe that the recovery of this legitimate monopoly in the hands of the Colombian public force requires an even further bolstering of its operational and offensive capability.

Therefore, we reject any efforts to disarm our public force, because we believe that this violates the constitutional principle that stipulates that the state should possess the legitimate monopoly of power.

It would be ludicrous for us to allow felons, criminals, individuals who have condemned this country to become a country of violence, to roam free without having the necessary resources available for the public forces to maintain the law they are obligated to uphold. Likewise, we believe that any disarmament process, even one involving this country's honest citizens who carry

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weapons for personal defense, must only take place insofar as we are able continue to advance in providing more equipment to the Army and the police for their tasks of defending citizen safety.

Another option would be to acknowledge propositions, which, although well-intended, would still seem more romantic than real. Colombian society cannot remain completely unarmed, especially if we start by disarming those who have a constitutional commitment to defend law and order, as well as to protect the life, honor, and property of every citizens. In the second place, such a disarming measure has an effect [words indistinct] not to disarm the public force, as we do not intend to close not one single police station. In this respect, we have relayed specific directives indicating that no police station throughout the country should be closed down. The government is hereby committed to always ensure the presence of the police force and, of course, the presence of the Armed Forces in each and every municipality. We do not intend to surrender one centimeter of territory to violent groups in Colombia, be it the subversion, organized crime, or common criminals. The government is obligated and capable of maintaining a presence in every corner of the country. In this respect, the public can rest assured that we intend to reinforce the National Police so that we will not be forced to shutdown any of the country's police stations.

"The restoration of the legitimate monopoly of power into the state's hands also includes the right to reject the presence of foreign troops in Colombian territory. There will be no foreign troops in Colombian territory, not only because this would be eminently unconstitutional, but also because we are absolutely certain that the Colombian Army and public forces are capable of maintaining order without the assistance of foreign troops. This rejection extends to a permanent presence, which has been requested in some cases, a temporary presence, in the case of a temporary intervention of foreign troops, as well as in case of the famous hot pursuit issue. There will be neither a permanent nor temporary presence of foreign troops. In addition, there will be no hot pursuit by foreign troops."

As part of this basic principle, the legitimate monopoly of police force must be in the hands of the Colombian state in an exclusive manner just like the work entails. Therefore, the only valid option we have left is to strengthen the Armed Forces. This strengthening process begins, first of all, by acknowledging the type and the magnitude of the problems we are confronting, i.e., the forms of violence we are currently confronting. We are not involved in a regular type war such as the Napoleonic wars, the wars of independence, or civil wars, such as the ones that took place at the end of the past century. Neither are we involved in guerrilla warfare, such as the incidents that took place during 1960's and 1970's, which some of the retired officers present here today remember so well. We are taking part in new forms of struggle activated by organized crime, which, in turn, is giving way to new types of violence. We can no longer talk about new, separate forms of violence. [word indistinct] the presence of drug trafficking, terrorism, or organized urban violence against which we are currently struggling.

In addition, those forms of violence are mixing together. This is why we can now talk about the presence of narcoguerrillas, narcoterrorism, the problem of hired killers, and paramilitarism in rural areas. All of these forms of violence are being combined to produce the harmful image of a society which confronts violence that far exceeds the society's immediate reaction capability. This combination of these different forms of violence is not only a qualitative, but a quantitative problem. In Colombia, we have 112 violent homicides annually for every 100,000 inhabitants. Consequently, the annual number of violent deaths in Colombia results in a death toll nearly equal to that produced in the town of Armero — multiplied by 12. Similarly, the number of guerrilla fronts have increased. They are now present in over half of Colombia's municipalities.

Other kinds of criminal acts are also on the rise, such as kidnapping. The organizations that are financing the subversion are providing it with a juicy budget of more than 750 billion pesos per year. That is why we must understand that our goal is to have an Armed Forces this is strong enough to face the challenge of having a legitimate monopoly of power. It is not an easy task, but it is task that cannot be postponed. We have to respond to these challenges with new military strategies to defend public order. I have insisted on attacking this type of violence, just as we have begun to investigate bank accounts and banking systems that at this moment are passive partners of organized crime, like drug trafficking, and subversive forces that are circulating these funds [words indistinct] through some channels.

How, then, do we answer these challenges? First, by reinforcing the offensive capability of the Colombian public forces. I believe that a dangerous discussion is unfolding on whether it is worthwhile to strengthen the Armed Forces in relation to the results achieved, and to the progress in the operations revealed. I believe that it is a dangerous discussion because we have to begin with the proposition that the Colombian Armed Forces do not have, at this moment, enough soldiers to face the quantitative and qualitative challenges that I described to you. Then, if we do not make a sincere evaluation of

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this issue we are going to be end up in the hands of the [word indistinct], in one of those teams that has only seven players — although the players may be good — which has not tried to add the four additional players it needs because it does not have the money. Then, the team has the worst of all possible worlds, with half a team that can't score a goal, and can't withdraw from the game because of its obligation to play. Let us see how much truth there is in this, from an operational point of view, whether we are in good or bad shape.

The percentage share of defense spending of the entire national budget, beginning with the proposition that Colombia is a country facing the greatest challenge and violence. In Colombia's case, the defense budget is 5 percent of the Gross Domestic Product [GDP], while countries such as Peru spend 38 percent; El Salvador, 18 percent; Guatemala, 13 percent; Venezuela, 13 percent; Ecuador, 13 percent; and Argentina, 6.4 percent.

Let us examine statistics for different countries regarding the number of soldiers per square km. In Cuba, there is one soldier per 0.6 square km.; in Nicaragua, one soldier per 7.9 square km.; and in Colombia, one soldier per 11.6 square km. According to international recommendations regarding military units, during peacetime, Colombia should have approximately 1.0 percent of the population, that is (?350,000) active soldiers. At this moment we have 167,000 active soldiers, that is, 43 percent of what we should have under normal circumstances, when it was recognized that this country has the highest incidents of conflict. [words indistinct] efforts made to equip, improve, and increase the size of the Colombian Army.

I know that these affirmations will be totally or partially rejected by some sectors, but my duty as president is to open the country's eyes and to say that eventually, we could end up like the airplane, which in order to save gasoline, does not accelerate to gain altitude and crashes to the ground.

We are really only a few meters away from crossing the mountain range, but we must make an additional effort. The Defense Ministry is doing its part. This year, we finished the report on investments. We have speeded up the normal purchasing process of certain types of vehicles, which will improve the response time of the Armed Forces. We are also working on an emergency plan that has already been announced by the defense minister. We will require the special cooperation of Colombian companies for a significant upgrading and expansion of equipment. We must also train additional brigades and battalions in order for us to offer full coverage throughout our national territory. The legal feasibility of this cooperation is being calculated, pondered, and studied and will soon be announced by the Defense Ministry. We are, of course, also willing to hold discussions and give explanations to the possible signatories of a cooperation agreement as to why it is imperative that we make this national effort if we at least want to win this war we are fighting. We need improved and better operational capabilities. We have agreed on this with those who are requesting additional funds [words indistinct] for the Armed Forces and Police.

We, therefore, believe that improved efficiency is achieved by first making improvements to the conditions of well-being and training of the Armed Forces personnel. These conditions, which were submitted to the National Congress, are discussed in the new statute on officials and noncommissioned officers. They are also discussed in the new statute on the military career, which is also under consideration. They introduce significant innovations, such as awarding the efforts of officials in charge of upholding the public order, so that their results will not simply be reflected quietly on a resume, which omits important missions and actions. On the contrary, people will be awarded with better recognition and faster promotions. We want it to come down to a policy of results by rewarding the results. There is the statute of the [words indistinct] as well. There are significant budget allocations for the Army's additional training.

But we are aware that we must make absolute progress in this field in order to count on an Army of recruits that is more professional. They must feel that they are being supported. The commander general of the Army has called for more professionalism. All of this, of course, should be supplemented with programs of well-being. We are taking steps toward that. We will also submit a legal amendment to supplement the amendment submitted during the latter half of last year to address the issue of the military hospital, which should again become the flagship hospital of the Armed Forces' health system.

A second point, in addition to the improvements to personnel conditions, deals with the specialization we must achieve in the institutions of the public force. This morning, I was reviewing some terrifying figures, which I do not know if they look odd to you. How are the members of the Army distributed? We have 13.7 percent guarding the pipelines, 3 percent guarding the general energy sector, 1.2 percent looking after the communications system, 4 percent are guarding the streets, 1.5 percent patrol the mines, 1.3 percent are assigned to the airports, and 25 percent are assigned to administrative duties. That actually means that only half of the Armed Forces members, 50.5 percent to be precise, are assigned to military operations. If we are short of sol-

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diers, we are shorter still [pause] of what those soldiers are effectively doing. That is something that can only be corrected initially with further professionalism in the public force, including the Armed Forces and the police, in their various responsibilities. Second, we have the operative planning system, which has been a Defense Ministry concern on which they have been working for several months.

The third factor is qualitative improvement. The Armed Forces' reaction capability has to do with intelligence. Intelligence is fundamental in the new strategy to combat these refined forms of violence I referred to at the beginning of this conversation. We created the National Intelligence System [SINAI], which I understand meets regularly every Monday. In this system participate all state security agencies to coordinate their actions and tasks. In many instances, it has been demonstrated that in delicate operations, security agencies end up tripping over one another. Their reaction capabilities in operations are nullified because the agencies offset each other. We are correcting this by coordinating intelligence agencies through SINAI. In addition, I have been informed that we are working in standardizing plans to create specialized intelligence groups both in the Air Force and in the Navy. The security cooperatives, the famous [words indistinct], but intelligence cooperatives as described by Eastern defense manuals [words indistinct]. If the people's reaction to these intelligence tasks and the intelligence groups' capability to prevent crime and combat [words indistinct]. Finally, these qualitative factors include the fourth [words indistinct]. All of these forms of violence are used by organized criminals, drug traffickers [words indistinct], and terrorist attacks against oil pipelines and pylons. These ?methods, which are being used by urban criminals to perpetrate crimes that formerly were committed in a primitive manner, must be countered with a quick reaction. Such quickness is obtained only, by first mobilizing the reaction forces, and, second, with better communications systems. This is why it has been nearly an obsession in my government to have a rapid reaction team made up by a helicopter fleet, patrol boats, light transport planes, and more effective and modern communications equipment. At least, more effective than those possessed by the enemies we are confronting. The fight is no longer a problem of force, but one of intelligence, speed, and the capability to react measured in minutes and seconds. And we will attain this only by giving our public force the necessary elements for a quick reaction.

I had said that this monopoly should be a legitimate one. This leads me to a fourth subject in this conference. All these efforts and decisions must occur in accordance with strict human rights regulations and respect for international humanitarian law. Colombia signed Protocol 2 of the Geneva Convention, in which we pledged to respect human rights in war [words indistinct], and international humanitarian law. If we are unable to put an end to the war, at least let's put an end to the atrocities that war produces on the defenseless population. This is not only our commitment as a state. Of course, we respect it, because we are not human rights violators as institutions. This is a commitment we also demand from the rebellious groups.

On no account can all these criminal activities such as booby traps, exploding oil pipelines, kidnapping people, etc. be described as acts of war under international humanitarian law terminology. To the contrary, it is something that is barbaric, such as what we experienced on Thursday, or the massacres taking place in the Uraba zone. Therefore, this is a reciprocal obligation. By the same token, we affirm our commitments to human rights and will denounce and demand an end to these flagrant human rights violations.

We have accepted the presence of the UN High Commissioner for Human Rights in Colombia because we have nothing to conceal. We prefer that there be 10, 20, or 30 eyes to oversee our conduct, such as will take place with the opening of this human rights office. This is something that concerns us all, and will also note the human rights violations committed by organized criminal sectors.

Most of these violations are concentrated among these sectors, which are protected by a sort of international impunity, through a system for trying human rights violations. This is an anachronism because it only directs attention to state agents when the truth is that in the special situations such as Colombia encounters, those sorts of situations are especially notorious on the other side.

A second front has to do with solidarity by civilians. Developing these combat operations without civilian support is like trying to [words indistinct], the solidarity of civilians gives them mobility and makes civilians part of these operations to defend order. Just as the Colombian Army managed to put an end to the civic-military organization or civic-military participation, the government also has a development proposal, which is the social leap proposal, which is the most ambitious social development proposal made by any of the governments over the past 20 years.

Despite all the budgetary difficulties, we are going to double the social investment with respect to the GDP. If this participation was 11.7 percent at the start of my administration, by the end of the year it will be more than 14.5 percent. We are going to conscript more

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than 15 million Colombians into the health services. These Colombians, who previously were cast aside, are now receiving [words indistinct], which allows them to claim their medical needs in any state hospital. The government will remit to these hospitals the necessary funds to attend to these people [words indistinct] the citizens' requirements to these hospitals.

Likewise, we also consider that it is fortunate for the government that there is not a single youngster in Colombia who has been denied the opportunity to receive a basic education. We hope to give homes to 500,000 Colombian families and we hope that this social solidarity reaches certain sectors containing those 12 million Colombians who have not had the first opportunity of state support, such as single mothers and the elderly poor. And we want to be able to provide nutritional complements for schoolchildren, even more so now that many schools have become the only nutritional possibility for children who only eat one balanced meal a day.

All this is development, support, which is part of the Social Pact proposal and which we hope will contribute to legitimize the task that the Colombian Armed Forces has in the defense of those children.

For the guerrillas, it would be simpler if they decided to do some [word indistinct] work, or develop certain initiatives that [words indistinct] to allow [words indistinct]. We believe that a certain country does not make a basic effort [words indistinct] the sectors of the very poor, there will be no defense policy or social justice with its ancillary services.

Of course, to a certain extent, the issue of solidarity with the people is something that is closely related to the issue of mobility. By this, I mean the Armed Forces and police's legal attribute to freely move around the country. We are, and I say this more as a lawyer than as president, in a [words indistinct] the Armed Forces by numerous organizations, which, to a certain degree, have some jurisdiction over police disciplinary activities. [words indistinct] the Office of the Attorney General, the Office of the Prosecutor General, and other internal disciplinary bodies. It for this reason that one of the initiatives we are currently assessing is the likelihood of granting more room to maneuver to the Armed Forces and the police, based on the fact that they are responding [words indistinct], which would allow them to carry out their duty more effectively in the mountains and the borders safeguarding our sovereignty. It is not that they intend to disregard summons, and much less that [words indistinct] to Colombians, but just that we have to prepare for that response to prevent having to constantly appear before court to respond to unfounded charges by [word indistinct] and other enemies, instead of carrying out their duties for the benefit of the country.

Please allow me to end this brief address, which I hope has been brief, at least to some of you, by saying that personally I believe these reforms represent the only viable option for this country to be able to truly talk about peace. As long as peace continues to represent a profitable business to the armed groups, and the association with drug trafficking, kidnapping, or profiting from activities that each day are considered less altruistic and more criminal, then we will be unable to seriously speak about making progress in the peace talks. Of course, my administration has and will always continue to be willing to find lasting peace, a peace that truly leads to a disarming for the benefit of the Colombian people.

President [Alberto] Lleras, initiator of Topic: Colombia, once said that the Armed Forces should refrain from discussing political issues and that politicians should abstain from talking about military issues. I believe that with this Topic: Colombia, which was started by General [Bonett] and continued by Gen. Mora, we are beginning to assess, in a rational manner, the previously mentioned statement that could have been valid 30 or 40 years ago. Military officers should listen to debates on political issues, but most of all, it is not only appropriate, but also essential for politicians to understand, discuss, and reflect on military issues. I believe that part of the problem we are having is related to ignorance about military issues, which, as politician and president, I must also include myself. Without a doubt we are undergoing a momentous crisis. As far as Colombia is concerned, the crisis is not something new. For several years now, this country has been going from one crisis to another. As president, I feel quite confident that this crisis is being resolved through proper channels provided by the Constitution without having to deviate from the law, or without having to sidestep state legal principles that have transformed this country into one of the [word indistinct] democracies of Latin America. It has also prevented us from falling into conflicts, which in any other country would have lead to a lynching instead of a fair trial.

In this respect, as president, I would like to point to this positive aspect of the crisis. I am aware that I am on trial, that I am being investigated by the prosecutors, that Congress is legislating, the Armed Forces are carrying out their constitutional duty to preserve public order, and the government is governing. It is true that on some occasions there may have been a few government decisions that failed to reach the media, but the truth is that government institutions are operating normally. All of this has been taking place regardless

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of whether the decisions adopted may have pleased those of us who believe that Colombia's institutions must be preserved. I must confess that if there is one thing that has united me more with the Armed Forces during the past few months, is that I share with them a profound conviction that the solution to this crisis is determined by a path of respect, and the reclaiming of specific values. The day that concepts such as dignity, loyalty, liberty, sovereignty once again become credible concepts in which we, Colombians, can structure our everyday actions or devise institutional actions, then that day we will have definitely overcome the abyss of violence that keep many Colombians apart. Thank you very much.

Colombia: Business Leaders on Samper's Economic Views

PA0305234396 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 2 May 96

[Report by Diego Suarez from the "National Newscast"; monitored from retransmission by Lima Sistema Unido de Retransmision Television at 0400 GMT on 3 May]

[FBIS Translated Text] Businessmen and bankers who met in Cartagena during the annual assembly of Asobancaria [Banks and Financial Institutions Association] have expressed their disagreement with the assessment President Ernesto Samper presented in his speech yesterday. They have described it as too optimistic and already have expressed doubts about the announced plan to reactivate the economy.

Businessmen and bankers believe President Samper's speech was very optimistic. They have said the economic figures the government has presented are not in line with reality:

[Begin Icavi [expansion unknown] President Guillermo Gomez recording] At this time, I agree with the analyses made by spokesmen of various economic groups, and obviously the prospects are not as good as the president portrayed. [end recording]

Economic groups believe the political crisis is the main cause for the increase in unemployment, higher interest rates, and the drop in production. Here are comments from Gustavo Tobon, president of the Colombian Federation of Metallurgical Industries, and Asobancaria President Cesar Gonzalez:

[Begin recording] [Tobon] As we have said to the president and the government, we are experiencing a very complex slowdown of the economy, and businessmen are going through very difficult times.

[Gonzalez] The president of the Republic is trying to comply with his duty. He is using all the means available to the executive branch to reactivate the economy. [end recording]

Nevertheless, many businessmen believe no plan to reactivate the economy will work as long as banks continue to charge high interest rates. Businessmen and bankers hope the plan to reactivate the economy they will present to President Samper in the next few days will not only reflect the country's reality but also prevent a recession.

Colombia: Bankers Present 'Agenda of National Unity'

PA0605035896 Santa Fe de Bogota EL TIEMPO in Spanish 4 May 96

[Report by Jacqueline Guevara Gil — received via Internet]

[FBIS Translated Text] Colombian bankers yesterday presented to the government an "agenda of national unity" to get the country out of its difficult economic situation. The bankers tasked President Samper with the responsibility of seeking a consensus to overcome the crisis.

In a very political speech, Cesar Gonzalez Munoz, president of the Banks and Financial Institutions Association (Asobancaria), left the topic of high interest rates aside and gave priority to the serious political problems and their impact on the economy.

Closing the 31st Banking Convention, Gonzalez admitted the existence of a governability crisis that has become a dark and thick cloud affecting all sectors of the country; that is why he urged a quick yet peaceful way out of the crisis, admitting that this alone does not guarantee a recovery of the economy.

"We all have the obligation, Mr. President, of going along, as the song says, opening doors and closing wounds. We the citizens demand that the law be brought to bear relentlessly on criminals who can only be held and punished as such after real justice has been done to them in the proceedings stipulated by the law."

Gonzalez said to the political class that from now on it should exorcise the devil of public corruption while stating that the penetration of drug trafficking moneys into the electoral process is nothing but the last known degree of corruption and ethical confusion in the political system.

Navigational Chart

Gonzalez insisted on the need to establish a navigational chart to make Colombia advance, admitting that President Ernesto Samper Pizano's case in Congress is only the first step toward solving the governability problem.

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The proposal will include reforms of political parties and an electoral reform for campaigns to be financed by the state to ensure that there will be true political opposition. Likewise, the proposal also includes a redefinition of the judicial apparatus to prevent the waste of public funds.

An in-depth, fiscal reform that will guarantee the state's ability to attend to social programs is also proposed as are reorganized economic policies, an agenda of solutions to the drug trafficking problem, and a solution to the problem of domestic confrontations by finding ways that will lead to a dialogue between all parties of the conflict.

"Mr. President: The entire nation has its eyes and expectations on your contribution to reach a consensus on a solution to the crisis, which should follow national Constitution precepts. We should give ourselves a big lesson in democracy, dignity, and civility," the Asobancaria president said after stating that a tougher task lies ahead once the crisis is resolved.

Colombia: Mexican Envoy on Bilateral Fight Against Drugs

PA0505235796 Santa Fe de Bogota EL TIEMPO in Spanish 4 May 96

[Received via Internet]

[FBIS Translated Text] Mexican Ambassador to Colombia Oliver Farref said bilateral cooperation to fight drug trafficking is insufficient.

Farref made that statement during a lecture he delivered on 2 May during the "University Course on Colombia," an institutional program of the Advanced War College. Farref delivered his speech in the auditorium of the Military School of Cadets.

"Cooperation is insufficient although it is good. I hope it will improve during the next few months after the summit held in Mexico City," the ambassador said.

Farref said his country only accepts U.S. cooperation in its struggle against drug trafficking but never direct assistance.

He said, however, Mexico has purchased a flotilla of planes to control its airspace, because there is not enough control over illegal overflights at present.

He said that one of the most difficult aspects of the war against drug trafficking is the U.S. border, because, according to statistics, 70 percent of the drugs that arrive in the United States pass through Mexico.

According to Farref, Mexicans cross the border 350 million times a year, and the United States has been unable to detect the entry point." [no opening quotation mark as published]

During the question and answer session, some military officers asked why Mexico has offered to host talks between the guerrillas and the Colombian Government.

The diplomat replied that his country offers all the guarantees for those dialogues but that this does not mean it sponsors subversion.

Farref assured that the U.S. certification or decertification lacks importance for the Mexican Government, because it violates international laws and is only a U.S. domestic affair.

Colombia: Prosecutor General on Money Laundering Firms

PA0705161596 Santa Fe de Bogota EL TIEMPO in Spanish 5 May 96

[Unattributed article — received via internet]

[FBIS Translated Excerpt] After more than 30 years of fighting against drug trafficking, there are no visible actions to counter the infiltration of illegal money into the financial sector. More than $4.4 billion could be laundered annually.

After Prosecutor General Alfonso Valdivieso spoke at the Banking Convention on 2 May in Cartagena, important directors of the country's financial sector enthusiastically applauded him.

During his speech, Valdivieso pointed out that banks, stockbrokers, trust companies, and the state were "excessively flexible" with regard to the infiltration of "hot money."

Therefore, after the recent arrest of several drug lords and the destruction of illegal crops, Valdivieso called on the government to concentrate efforts on countering money laundering operations.

During this process, the authorities as well as the media are determined to find out how "hot money" infiltrated the presidential campaign and to disclose the people involved.

However, many other questions were left unanswered with regard to the attitude of other sectors toward drug trafficking activities. One of those sectors that the authorities are looking into is the financial sector, through which money is being laundered.

The New Rich

During the various search operations at bank branches as part of Case 8000, authorities discovered in the computers' hard disks and banking records that relations

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between several banking officials and the drug cartels had been developing for some time. This shows that more than permissiveness, there was complicity. [passage omitted]

Drug cartels were so complacent with regard to their deposits in this sector that when background information on an account at the main branch of the Colombian Industrial Bank (BIC) in Medellin was checked, the phrase "Frontman Account" appeared on the biographical sheet of a holder of an account for more than 10 billion pesos.

The Bank Superintendency — in Resolution 2283 of 1995 — ruled in this case that "the bank had been aware since August 1994 that the account holder was doing transactions with money coming from illegal activities."

Despite the magnitude of the irregularities at several bank branches, the seven Colombian banks that have so far been punished have each been fined 20 million pesos by the Bank Superintendency.

This is a ridiculous amount compared to the fines imposed in the United States, where the fine is proportional to the sums laundered in the bank.

Colombian authorities, so far, have asked for the immediate removal of a Bank of Colombia official at its Cali branch, where most of the Cali cartel's fake businesses carried out transactions for more than 50 billion [currency not specified] in two years.

Although the Bank Superintendency is considering other administrative sanctions, as of today, no arrests have taken place and the Prosecutor General's Office is carrying out eight preliminary investigations. [passage omitted]

In Colombia, even though no official organization has given approximate estimates of the amount of money laundered in the financial sector, a World Bank spokesperson said this figure is $4.4 billion (4.4 trillion pesos) [figures as published] annually.

In this regard, the consequences of money laundering in the Colombian economy are innumerable. According to a Justice Ministry report, "money laundering has a double effect: it causes the collapse of legitimate competition and drives the economy underground through non-taxable activities."

On the other hand, money laundering cannot be considered without taking into account the contraband factor. According to Justice Minister Carlos Medellin, "contraband needs to be punished, because the relationship between contraband and money laundering is very close in Colombia."

According to the National Federation of Businessmen (Fenalco), approximately $5.5 billion in contraband is infiltrated annually into the country. Despite this amount, the National Customs and Tax Directorate (DIAN) fined only 100 people for wrongdoings (contraband) in 1995. Contraband is not regarded as a crime, therefore, it is not punished with imprisonment.

According to Assistant Prosecutor General Adolfo Salamanca, "the reaction toward money laundering, as with many others crime-related issues, is overdue. We should blame ourselves and criticize oursleves for the indifference, overdue reaction, and lack of plans with regard to issues so important to society." [passage omitted]

[Santa Fe de Bogota Emisoras Caracol Network in Spa sh at 1700 GMT on 3 May broadcasts a 1-minute report, which states: "The financial sector is concerned about the remarks by Prosecutor General Alfonso Valdivieso, who said that banks, cooperatives, and trust companies could be involved in money laundering activities, adding it is willing to help in all necessary investigations."]

Colombia: PGN Supports Theory on Diversion of Mafia Funds

PA0605234396 Santa Fe de Bogota EL TIEMPO in Spanish 4 May 96

[Received via Internet]

[FBIS Translated Text] The Attorney General's Office [PGN] supports the hypothesis that Fernando Botero and Santiago Medina diverted money that the Mafia donated to the presidential campaign of Ernesto Samper.

Former Magistrate Fernando Gomez, a special agent of the Attorney General's Office before the Chamber of Representatives, said there is evidence that the two "took the Cali cartel money and ran." With that colloquial phrase, Gomez, a former magistrate of Medellin's Higher Court, endorsed the defense argument that Botero and Medina worked to obtain the drug traffickers' support behind the candidate's back and never really took the money to the campaign coffers.

A three-page statement of conclusions contains that argument. Gomez initially said he would not file any statement, since he would wait to participate in the plenary of the Chamber. At the request of the three members conducting the investigation, he decided to express his views in writing. "We told him it was appropriate to do that," Representative Rodrigo Arcila, one of the investigators, said.

In the paragraph that summarizes his charges against the former defense minister and the former campaign treasurer, Gomez wrote the following:

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"The hefty sums were deposited in Botero's bank accounts in the United States at the time the presidential campaign concluded, which he glibly tries to explain by attributing them to his father who, he claims, generously opens those accounts for him from the sales of his artwork and the equally unexplained numerous and costly acquisition of goods Santiago Medina made, also at the end of the campaign, constitute episodes best described by the Latin maxim: contra facta non est argumenta, or there are no arguments against the facts." He added that Botero and Medina did not just contradict themselves on several occasions during their interrogations and diverse explanations, but also prevented any contact between brothers Gilberto and Miguel Rodriguez Orejuela and Samper.

According to Gomez, Botero did not let Samper know about a letter in which the cartel bosses complained about the treatment they were receiving after they contributed to the campaign, and Medina "blocked" a telephone call from them to the head of state.

"(They did it), obviously, because he would learn immediately that they had sent money, and that was what they wanted to conceal," Gomez noted.

"Two Villains..."

The Attorney General's Office treats Botero and Medina like "villains" and on this matter stated: "The ruse played on the drug traffickers has kept them from admitting what they contributed, under the deception that it was going to the campaign and not to enrich, at their expense, two villains to whom money clouds any other prospect (...)"

Later, he recalls the incident regarding the transfer of drug trafficker Victor Patino Fomeque from Palmira penitentiary to the Carcel Modelo in Santa Fe de Bogota, which was ordered when Botero was minister of defense.

The special agent believes this was maneuvered by Botero so that Patino would remain under Medina's control while he remained in jail to prevent him from talking.

Gomez said: "You don't need much mental exertion to understand the treacherous, catty, and dirty ambush by which the disloyal former aides, supported by an unscrupulous communications media and persons affected with a sick appetite for some measure of celebrity, intended to tear down not only the president of the Republic, but that which is most dear to our country: its security and institutions (...)."

Colombia: Antioquia Governor Views Steps Against Violence

PA0705043396 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1200 GMT 6 May 96

[Report by unidentified reporter in Medellin; from "The Latest News" newscast — live]

[FBIS Translated Text] [Reporter] Defense Minister Juan Carlos Esguerra is expected in Medellin at 0800. He will meet with Governor Alvaro Uribe Velez and they will adopt more drastic measures in Uraba. Despite everything that actually happens and has happened in the zone of Uraba, what must we do now, Mr. Antioquia Governor? Good morning.

[Uribe] Good morning, Jose Octavio. What can I say? It has been proven again that the Colombian state is inefficient when it comes to protecting the civilian population. We, the Colombian state's officials, are inefficient. That is why I believe we must bring this situation before the international community, present a project for the international community's cooperation, because the international community has become the foremost authority on the protection of human rights and international humanitarian rights all over the world. Therefore, they should help us enforce respect for those rights in our society so I insist on the idea that we should seek the cooperation of international troops to improve an effective protection of our civilian population.

Moreover, we still notice serious problems in the transportation sector; we lack helicopters, we have no communication equipment. I think a great effort must be exerted to acquire them. The National Government has a large-scale project worth 500 billion [currency not specified] and the money must be invested judiciously, efficiently, and honestly. It must be invested and it must be sought by reassigning budget allocations or by invoking a new tax. The country must strive in this concern.

We have a constitutional problem. The Colombian Constitution lacks a chapter on professional [alta] police. Colombia currently has few legal instruments to counter terrorism. All we have are the internal disturbance decrees and the special public order zones so one wonders how effective those measures would be. What would we have gained if we had enforced a 2000 curfew in a community like Pueblo Bello, where criminals are able to arrive at any hour, drag the people out of their houses, burn their houses, and kill them? In other words, we have to seek other norms. I also thought we should decentralize the police force. Antioquia has 8,000 policemen, including the metropolitan zone and the rest of the department, and it would need 20,000.

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The situation in the barracks is deplorable. The few efforts that the department is able to exert with its resources, which are not many, are not enough. I believe control of the police should be turned over to the departments with a rent, a national lease, or a fiscal [word indistinct] for the Police. The country at the end of the century is quite different from the country it was in 1950. I think that we now need to handle that public service, meaning the police, in a decentralized manner, either at department or regional level.

Colombia: NLD's Castellanos Clarifies de la Calle Meeting

PA0405164896 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 3 May 96

[Interview with Emilio Lebolo Castellanos, president of the National Liberal Directorate [NLD], by news director Dario Arizmendi and reporter Judith Sarmiento in Santa Fe de Bogota; from the "Caracol 0600 to 0900" newscast — live]

[FBIS Translated Text] [Arizmendi] We greet Dr. Castellanos. Good morning, Dr. Castellanos.

[Castellanos] Good morning.

[Arizmendi] What happened to Senator Luis Guillermo Giraldo, member of the Liberal Party's so-called Three Wise Men, who, as commission members, visited Vice President Humberto de la Calle and former presidents Julio Cesar Turbay and Cesar Gaviria in connection with an incident at Narino Palace.

[Castellanos] We have a permanent understanding with Giraldo and the rest of the National Liberal Directorate members. I think that this entire process has been more one of style than of substance. From Miami, I spoke with President Ernesto Samper and got somewhat separated from my two travel companions. There was some lack of coordination on the visit process. We were not sure about the time of the visit with President Gaviria. While they were in Santa Fe de Bogota, I stayed in Miami waiting to meet with President Gaviria, and I did meet with him. From the United States, I spoke with President Samper, and he and I agreed to meet. Because I had arrived late in the night, I met with President Samper first thing in the morning. I believe President Samper later got in touch with the other members of the National Liberal Directorate, but we could not get together, as we had wished. I think there was some confusion. As I understood from the talks with Giraldo and Samper, meetings were to be held later.

[Arizmendi] Yes, the president met with Vice President Luis Hernando Jaramillo, but Narino Palace has been unable to locate Senator Giraldo. Is there a lack of understanding or a conflict between the president and Giraldo, judging both from your position of defending de la Calle as a constitutional option and Giraldo's public remarks for the president to resign?

[Castellanos] I think that we have progressed considerably in this rapprochement process. There is no doubt that the National Liberal Directorate is no stranger to all of these conflicts the country is experiencing. Through the contacts we have established in the United States and Europe and are establishing here in Colombia, we are trying to have a rapprochement so that there can be a climate of cordiality that can lead to national reconciliation. Senator Giraldo is involved in this process. Although there has been some confusion, it is more of style than of substance, as I pointed out earlier. I think we will be able to go ahead with this process of contacts and reconciliation, of which Senator Giraldo is a part.

[Arizmendi] Please tell us what happened during the first day of talks in Madrid. At the time, you, Giraldo, and Jaramillo met in de la Calle's presence and asked de la Calle whether he was willing to resign the post of vice president. Giraldo got angry and protested your question, which he regarded as very disrespectful. The dispute became so serious that de la Calle himself had to mediate between you two and try to restore order.

[Castellanos, chuckling] This is the first I have heard of such an incident. That never happened. It is the product of fantasy and imagination and some people's desire to create a conflict. No, never. The conversation was completely open, sincere, honest, respectful. Of course, I have no authority to ask anyone to resign, let alone the vice president of the Republic.

[Arizmendi] But didn't you ask him whether he was willing to resign for the sake of a solution? Did you ask him a similar question?

[Castellanos] No, no, no. That did not happen like that.

[Arizmendi] How did it happen?

[Castellanos] No. That incident never happened. There was never a confrontation between Giraldo and myself nor a heated reaction from de la Calle.

[Arizmendi] Well, maybe he took up a conciliatory stand, saying, for instance: Take it easy, be quiet. The question is not that bad, Senator Giraldo. I do not at all want an incident similar to the one that happened with former president Turbay in Rome because you adopted the opposite policy and it was Giraldo who [words indistinct].

[Castellanos] No, no, no, no. Such an incident never happened. The visit that the three of us paid de la Calle

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was completely productive and it was, in particular, a consultation visit to explore conditions, analyze the country's situation. It has been established in the statute that former presidents serve as advisers to the Liberal Directorate. We must admit that, right at this moment, it is the vice presidents that occupy a respected position in the Liberal Party. A formula, a rapprochement with them was necessary because any pronouncement from them is accepted, not unanimously, but by the majority of the Liberals. We at the National Liberal Directorate have a great responsibility as the ruling party, as a valid interlocutor of the president of the Republic. This has been admitted by The president and former presidents. It is our duty and responsibility to establish a rapprochement with all sectors to find formulas and calm people down a little. We do not have a magic formula.

[Sarmiento] You have been very discreet in talking about the conversation, but from de la Calle's reply, which he sent in writing, it can be inferred that he reafffirms his right to the vice presidency and that the former presidents declare that the conflict must be settled through the Constitution. And the first thing the Constitution declares is that de la Calle should succeed the president. So there was a disagreement on this point.

[Castellanos] No [words indistinct]. In our Constitution and bylaws, it is the vice president who replaces the president during his temporary absences. We cnanot deny that. This is not the National Liberal Directorate's apprach. Our directorate has never questioned the vice president's constitutional duty to replace the president. No. What we are seeking is, not who will replace Samper, but a reconciliation process to make it possible to restore governability in Colombia. Governability is not established by changing names, but by creating the climate to make it possible. This is the National Liberal Directorate's goal.

Colombia: Traffickers Said Displacing Valle Farmers

96GE0016Z Santa Fe de Bogota EL TIEMPO in Spanish 29 Apr 96 p 11A

[FBIS Translated Text] Cali—Ninety percent of the land in northern Valle del Cauca suitable for agriculture and livestock raising belongs to 16 persons under investigation for drug trafficking, who have displaced the farmers and virtually eliminated agricultural activity from the region.

This statement was made yesterday by Colonel Benjamin Nunez Nunez, commander of the Search Task Force [Bloque de Busqueda] Police component, upon submitting an assessment of Operation Symbiosis, carried out from Wednesday to Saturday of last week against the drug traffickers in this zone of the department.

According to a preliminary report from the Task Force, during the operations raids were made on "properties with excessive expanses of land not being used properly (...), and hence denying other persons the opportunity to acquire land for the purpose of making it produce, as a genuine source of income."

Nunez claimed that this situation has contributed to the increased unemployment in the region, and to the generation of more colonies of displaced persons in the urban areas. The colonel noted that one poignant example is that of the Marsella estate, located in Riofrio, where 400 arable hectares have been abandoned and left useless.

Nunez added that this property belongs to Arturo Herrera, alias "Bananas," for whom there is an outstanding arrest warrant for presumed illicit enrichment.

Another property that attracted the Task Force's attention was a recreational center on over 100 hectares, in Guacari. An official from the Task Force reported: "The strange part about it is that almost no one is familiar with the site, its access is restricted, and there are no signs to indicate its existence."

The official added that the site, which is copied from a hotel in the United States, contains a lake for water sports, mobile homes for camping, gymnasiums, a synthetic athletics track, and soccer fields. These facilities are used by a few exclusive visitors each year.

Documents

The documents on the ownership of this site are currently being evaluated by the Task Force's financial analysts. The Marmoles, Vergel, Viscaya, and La Rueda estates, among others, also were raided.

Nunez claimed that the serious aspect is the displacement of the socioeconomic culture of the region, in which small family farms have become part of a few unidentified monopolies.

A total of 57 large-sized estates were inspected. The documents found on these sites will reinforce the investigations of the 16 land owners. The intention is to use this material to issue arrest warrants for them.

Also discovered were documents attesting to the drug traffic's infiltration of the second division soccer teams. This phenomenon has appeared because the first division is subject to a strict monitoring by the authorities.

The Task Force indicated that the dollar laundering is currently being carried out through the transactions,

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bets, and purchase and sale of players on the second-line teams, apparently without posing any risk.

The situation is obvious among various teams in this category, especially in one from the center of Valle, remarked Nunez, who did not supply any names, so as to avoid interfering with the investigations.

It also has been discovered that the businesses used as fronts have been transferred to the neighboring departments, such as Risaralda, Quindio, Cauca, Tolima, and Caldas. As a result, there has been a considerable displacement of car purchases and sales to cities such as Pereira, Popayan, and Armenia.

During the operation, executed by the Prosecutor General's Office, the Dijin [Judicial and Investigative Police Directorate], the Counternarcotics Police, the Valle Police Department, and the Task Force, raids also were made on four gasoline filling stations, two restaurants, two hotels, and six companies, as well as other premises. A total of 38 weapons were confiscated, and 188 vehicles seized.

Ecuador

Ecuador: Candidates Urged To Fulfill Campaign Promises

PY1005020896 Quito Voz de Los Andes in Spanish 2300 GMT 9 May 96

[FBIS Translated Text] Ecuadoran President Sixto Duran-Ballen said the government has given signs of an impartial stance in the electoral process to guarantee the democratic transition.

He added that the winners of this electoral dispute who have been traveling around the country making promises will have to fulfill them, especially those projects started by the current government through the Secretariat for Indigenous Affairs, as well as the Emergency Social Investment Fund, the FISE, which they will have to continue.

We do not want a recurrence of what was a common practice in the past; namely, that bad things were done. We must rule that out, President Duran-Ballen said. He also urged the press to demand the fulfillment of the electoral promises made by the future government leaders.

Ecuador: Armed Forces, TSE Distribute Electoral Material

PY1005035696 Madrid EFE in Spanish 1814 GMT 8 May 96

[FBIS Translated Text] Quito, 8 May (EFE) — The Supreme Electoral Board (TSE) and the Armed Forces will begin today the national distribution of electoral material that will be used in the 19 May general elections.

That task will be conducted jointly between the Armed Forces and the TSE, which will distribute the material from Quito to the provincial electoral boards; the boards will then be charged with distributing them later among the 22,598 voting stations.

TSE spokesman Francisco Vaca told EFE that approximately 58 million electoral ballots, lists of voters, voting logs and certificates will be distributed during the operation that will begin this afternoon.

Vaca declined, however, to reveal the number of troops in charge of distributing the material and the route they will follow "for security reasons, and to prevent them from being intercepted."

Among the measures adopted to avoid electoral fraud, Vaca pointed out the existence of bar codes on all lists of voters and the use of indelible ink as a sign on the hands of the voters once they have cast their votes.

He added that ballots have special identification codes that are known only to the TSE president and the director of the Military Geographic Institute, the institution in charge of printing the ballots.

A total of 6,662,007 Ecuadoreans over the age of 18 have the right and the obligation to vote on 19 May to elect the main national, provincial, and municipal officials of the country.

The voters will have to elect, from among 19,849 candidates who are running in these elections, the president and vice president of the nation, 12 national and 70 provincial deputies, 21 prefects, 74 provincial counselors, 27 mayors, 171 presidents of municipal councils, and 819 councilmen.

The president, vice president, national deputies, prefects, and mayors will have a four-year term, while the rest are elected for a two-year period.

The nine candidates who are running for president of the Republic, with their respective candidates for the Vice Presidency, have intensified their campaigns to attract the undecided vote, which stands at 26.1 percent.

According to a report by the Ecuadoran company "Escopusa," expenditures by the presidential candidates on advertisements through the various media have been increasing as the close of campaigning approaches, increasing from a total of $1 million spent in January to $4 million in March.

The candidate who has spent the most during the first quarter of 1996, according to the report, is Abdala

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Bucaram, of the Ecuadoran Roldosist Party, with $2.2 million, followed by Social Christian Party leader Jaime Nebot, with $1.9 million.

According to the latest polls, Nebot is in first place with regard to voters' preferences, although the extent of his victory will not be sufficient to avoid a runoff election on 7 July with the candidate receiving the second highest number of votes.

For second place there are three candidates in contention: Businessman and former Quito Mayor Rodrigo Paz Zamora, Abdala Bucaram, and journalist Freddy Ehlers, who has the support of various social and indigenous organizations.

Ecuador: Argentina Tries To Get Information on Arms Deal

PY0905145996 Madrid EFE in Spanish 0043 GMT 9 May 96

[FBIS Translated Excerpt] Quito, 8 May (EFE) — The Argentine Attorney General's Office has asked the Ecuadoran Foreign Ministry and Supreme Court (CSJ) to be allowed to investigate an alleged arms trafficking deal between Argentina and Ecuador during the military conflict with Peru in 1995.

Argentine Assistant Attorney General Adrian Peres submitted three "petitions" in Quito, soliciting information from two Ecuadoran companies, Prodefensa and the Equinoccial Insurance Company.

The "petitions" also ask for the testimony of Roberto Sassen Van Elsloo, Prodefensa's chief executive, and from retired General Jorge Vaca Jaramillo who allegedly participated in the arms deal.

"I came to find out who will receive the testimony, whether it will be the CSJ president or if it will be delegated to a provincial judge," said Peres upon leaving the CSJ, where he made the petition arrangements and talked with an adviser of CSJ President Carlos Solorzano.

Asked if Ecuadoran officials will deny the petition because it could affect national security, Peres said: "That decision will be made by Ecuadoran justice and in that case we would have nothing to request."

Acting Foreign Minister Marcelo Fernandez de Cordova said the Argentine petition "is a normal procedure within any judicial process that is used by many countries with Ecuador, and it was formulated through diplomatic channels." [passage omitted]

Ecuador: Minister Says Arms Deal Involved Private Firm

PY0905194296 Quito Voz de Los Andes in Spanish 1700 GMT 9 May 96

[FBIS Translated Text] We have the comments made by Defense Minister Alfonso Alarcon regarding the purchase of weapons from Argentina.

[Begin recording] [Alarcon] The negotiations were made through a private company, no negotiations were made from government to government. The presence of the Argentine assistant attorney general [Adrian Peres] is welcome. He was received by the appropriate officials. The petitions he brought could have been sent from Argentina through the Foreign Ministry, through the diplomatic channel. I believe it was not necessary for him to come here but he is free to come, and I repeat, he was welcome to carry out his activities on this case.

[Unidentified reporter] [question indistinct]

[Alarcon] I believe the necessary investigation and the important contacts are being made to be able to clarify this case. What I would like to say is that I hope this is not a new game to stop the peace process.

[Reporter] [words indistinct] willing to help the Argentine official in his investigation on the activities of Ecuadoran military men?

[Alarcon] I believe there must be total respect for the internal affairs of each country. [end recording]

Ecuador: Official on Arms Probe Not Affecting Sovereignty

PY1005033596 Madrid EFE in Spanish 1923 GMT 9 May 96

[FBIS Translated Text] Quito, 9 May (EFE) — Referring to the investigation requested by the Argentine courts concerning the sales of weapons to Ecuador during the war with Peru in the beginning of 1995, Ecuadoran Chief Prosecutor Fernando Casares today asked that his country's sovereignty not be affected by Argentine political interests.

Casares asked that "Ecuadoran sovereignty not be manipulated perhaps for reasons of political interests that are being handled in Argentina."

Thus, according to Casares, Ecuador cannot allow a situation whereby, if some irregularity had existed in the negotiations, the name of the country be mentioned as a possible beneficiary of "those acquisitions" as a result of the Argentine investigations.

"If it deals with national security matters, my opinion is that the president of the court (Supreme Court President

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Carlos Solorzano) must reject the request" for investigation submitted by Argentine Assistant Prosecutor Adrian Perez, who arrived in Quito on 7 May to acquaint himself with the case involving sales of weapons to Ecuador at a time when there was an international embargo on this country, at the beginning of 1995.

Casares expressed his disagreement with the hasty visit of the Argentine prosecutor, surrounded by "a shroud of mystery. No one knew about the time of his arrival or his working agenda."

The same situation was mentioned today by Ecuadoran Defense Minister Alfonso Alarcon, who said that Perez' request to make some inquiries in the country "could have been done from Argentina through his Foreign Ministry, through diplomatic channels."

He said that the Ecuadoran negotiations for the purchase of weapons were made through a private company and that "no negotiations where held between governments."

Referring to the Argentine prosecutor's visit, he said that he hoped it was not just "another ploy to stop the peace process in which the two parties are engaged," referring to the peace process between Ecuador and Peru in the wake of the war at the beginning of 1995.

The Argentine prosecutor is negotiating in Quito three "rogatory letters" from the Argentine courts through which he intends to obtain information about the Prodefensa Company, a weapons trafficker, and about the Equinoccial Insurance Company, both of Ecuador, concerning the presumed illegal sale of Argentine weapons.

The rogatory letters have already been submitted to the Foreign Ministry, as a necessary diplomatic step, and to the Supreme Court of Justice, which in principle will decide next week whether it will allow the Argentine investigations, judicial sources told EFE.

Ecuador: Argentine Prosecutor Said 'To Distract'

PY1005020496 Quito Voz de Los Andes in Spanish 2300 GMT 9 May 96

[FBIS Translated Text] Defense Minister Alfonso Alarcon said the arrival of an Argentine prosecutor in Ecuador seeks to distract attention from the peace process between Ecuador and Peru, in which Ecuador is engaged.

General Alarcon added that the arrival of Argentine Prosecutor Adrian Perez in Ecuador is just a game to distract attention from the peace process. Perez requested three judicial actions in the case involving arms sales to Ecuador.

Argentine President Carlos Menem wants all officials who might be involved in the illegal sales of weapons to Ecuador to be dismissed. Argentine Foreign Minister Guido di Tella has said that the Argentine president wants a thorough investigation of the operation, come what may. He added that President Menem is waiting for the results of the administrative and judicial investigations to adopt measures on the matter, because he is certain that the Argentine Government did not sell weapons to Ecuador.

Paraguay

Paraguay: Generals Loyal to Oviedo Removed, Reassigned

PY0905172096 Asuncion ULTIMA HORA in Spanish 7 May 96 p 8

[FBIS Translated Text] According to General Order 102 that reorganized the command posts of 27 corps, divisions, and lesser units, various officers who exhibited loyalty to insurgent former Army Commander General Lino Cesar Oviedo (retired) have been removed from their post. The most important changes are still to come, but they would become effective only at the end of the year.

The generals who were left without positions and whose retirements are imminent are: Pedro Fernando Torres former, 2d Army Corps commander; Jose Segovia Boltes, former Military Training Institutes Command (CIMEE) director; Sindulfo Ruiz Ramirez, former Military Academy commander; Hector Ocampos Diaz, former director of the National War College; Victor Segovia, former Army chief of staff; and Antonio Martinez, former commander of the 3d Cavalry Division.

After these removals, General Pablo Manuel Ydoyaga became the new joint chief of staff; General Luis Ferreira Garbini the interim commander of the 3d Army Corps; Colonel Juan Pablo Sisa the new commander of the 2d Cavalry Division; General Guillermo Escobar Farina the new Army chief of staff; and Rear Admiral Jose Ocampos Alfaro the new director of the National War College.

The list of replacements continues with Colonel Angel Osorio Gonzalez, who will take over as commander of the 4th Infantry Division; Rear Admiral Manuel Royg, who will become Navy Chief of Staff; Colonel Hugo Diaz Cano, who will be the interim commander of the Military Academy; and Navy Captain Miguel Angel Candia, who will become the new chief of the Navy's War Fleet.

The reassignments also affected cavalry regiments. In effect, Colonel Juan Vargas Lopez is the new commander of the 2d Cavalry Regiment "Colonel Felipe Toledo;" Colonel Nicodemos Osorio Benitez is the new

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commander of the 4th Cavalry Regiment "Aca Caraya;" Colonel Santiago Katrip Gonzalez is the new chief of the 1st Cavalry Regiment "Valois Rivarola;" and Colonel Arturo Solalinde is the new commander of the 3d Cavalry Regiment.

Paraguay: Laino Testifies in Alleged Subversion Case

PY0905183896 Asuncion ABC COLOR in Spanish 9 May 96 p 6

[FBIS Translated Text] Against all expectations, [Authentic Radical Liberal Party President] Domingo Laino did not compromise [former Army Commander] General [Lino Cesar] Oviedo while testifying before Judge Alcides Corbeta yesterday. The Authentic Radical Liberal Party leader told the judge that he has no evidence that there had been any mobilization of troops in the Cavalry [First Army Corps headquarters] or that Gen. Oviedo had required President [Juan Carlos] Wasmosy's resignation.

Regarding his efforts, Laino explained that the only goal of the meeting with Gen. Oviedo on the evening of 22 April involved preventing bloodshed and that he joined the delegation that met with him at the request of President Juan Carlos Wasmosy.

During the three-hour hearing, Laino explained to Judge Alcides Corbeta that he has no evidence that Gen. Oviedo had requested the resignations of the president and the vice president. Laino commented that during the meeting with the general, Oviedo had mentioned such a possibility as if it were a fact.

According to Laino's deposition, Laino had expressed to Lino Oviedo his disagreement with such a solution, as the president's resignation would disrupt the constitutional order of the Republic, and subsequently had asked to hold the military crisis in check while a solution to the problem was being sought.

To this effect, a delegation made up of Senator Milciades Rafael Casabianca, engineer Ramon Jimenez Gaona, Senator Rodrigo Campos Cervera, Deputy Juan Carlos Ramirez Montalbetti, and Senator Luis Guanes Gondra went to Mburuvicha Roga [presidential residence] to inform the president of the meeting with Gen. Oviedo.

Laino explained that it was not possible to meet Wasmosy, as he was not in the presidential residence. Asked by the judge, Laino indicated that he was unaware of any troop movements in the First Army Corps, even though he had noticed that the officers present there were somewhat strained.

Laino added that, during the meeting with Gen. Oviedo, the general announced that a large number of generals were in the adjoining room and even invited them to participate in the meeting. The delegation did not believe this was necessary. Therefore, Laino was unable to see who the generals were.

Laino noted: "I believe that not a single member of the delegation had the idea of mediating, negotiating, let alone compromising. The delegation members were mainly interested in preventing the disruption of the constitutional order of the Republic, securing full respect for Paraguayan laws, and especially accepting the decisions institutionally made by the president of the Republic in his capacity as commander in chief of the Paraguayan Armed Forces, in keeping with the prerogatives bestowed upon him by the Constitution."

Laino's deposition was heard within the framework of a pretrial inquest for investigating the alleged crimes against public authorities committed by a group of rebellious military officers, headed by Gen. Oviedo, on 22 and 23 April.

Peru

Peru: PM Briefs Congress on Economy, Border Issue

PY0805175096 Lima EL COMERCIO in Spanish 4 May 96 p A6

[FBIS Translated Text] During his briefing to Congress, Prime Minister Alberto Pandolfi said that "it is necessary to increase collection and decrease ineffective public spending" in order to meet requirements of capital needed to achieve the estimated medium and long-term economic growth and to be able to meet Peruvian obligations.

He stated that to this end the Peruvian Government intends to finish the year "with a primary fiscal surplus of 1 percent of the GDP."

Pandolfi stated that the Sunad [National Customs Administration Superintendence] has been granted legal power in order to increase tax collection.

Pandolfi said: "The goal is to combat fraud, violations of the law, tax evasion, to file legal suits in order to collect taxes in arrears and to adopt preventive control measures."

He added that the main objective of the implemented reforms is to achieve a substantial increase of domestic savings.

Pandolfi stated: "To this end, we will continue implementing measures to promote the establishment of pri-

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vate pension funds, the development of the capital market and the growth of savings of companies. We will also make flexible capital market legislation to promote the establishment of special investment funds in different sectors."

He added that the process to register unrecorded urban properties by the Commission for the Registration of Unrecorded Property [Comision de Formalizacion de la Propiedad Informal] (Cofopri) also seeks to promote domestic savings.

Pandolfi said: "Cofopri is registering properties in shantytown areas totalling between $15 and $20 billion [as published]. Moreover, it will allow 1 million new property owners to be eligible for fully guaranteed credits."

The prime minister also announced that for 1996 the government estimates an economic growth between 3 to 4 percent — which will increase to 6 percent in the next few years — and an 11 percent inflation rate which has a tendency to decrease.

He added that the inflation rate will gradually decrease until reaching "levels comparable to industrialized countries by the end of 1998."

Giving a detailed account of the characteristics of what he described as "the agenda of the future, Pandolfi said that the economic program of the next few years will be based on austerity and free market policies.

Pandolfi said: "The economic program will be based on fiscal and monetary austerity, the full reestablishment of our international financial relations, the enforcement of a free exchange system, the deregulation of markets, the privatization of public companies and the consolidation of an institutional framework that favors free competition."

He acknowledged, however, the existence of an imbalance in the commercial balance.

Pandolfi stated: "Although this has been an issue of concern, the government categorically intends to amend this situation within the framework of free market policies."

In this regard, he said that to strengthen exports, the government has recently established the Commission for the Promotion of Peruvian Exports, Prompex.

Pandolfi also mentioned that another strategy to promote exports is to obtain unilateral preferential trade treatment from the EU, the United States, the Andean Group, Aladi [Latin American Integration Association] and Mercosur [Common Market of the South].

He concluded by stating that in four years time, only in mining exports, "Peru will obtain foreign currency totaling over $6 billion."

In Foreign Relations The Immediate Priority is the Demarcation of the Northern Border

Prime Minister Alberto Pandolfi said yesterday that the northern border issue is one of the main priorities of Peruvian foreign policy. He stated that there has been some advance on the issue with the conclusion of the border demarcation in compliance with the Rio de Janeiro Protocol.

He added that advancements toward the full implementation of the Itamaraty Declaration will lead to the reinforcement of an atmosphere of peace and trust which,in turn, will help the parties involved undertake a dialogue process that will help them to establish a definite demarcation of a small border area.

In the company of all cabinet members, among them Foreign Relations Minister Francisco Tudela, Pandolfi said that the Quito Agreement allowed the parties to issue the list of subsistent impasses "thus allowing Ecuador to formally and definitely outline its pretensions for the first time in many decades."

Pandolfi said that this agreement is tantamount to an acknowledgment of the existing demarcation over almost 90 percent of the border line established by the Rio de Janeiro Protocol.

He stated that in addition to these actions, measures have been adopted to promote trust at the military level, and the reestablishment of bilateral Armed Forces negotiations with the objective of avoiding an irrational and detrimental arms race.

Alberto Pandolfi stated that without detriment to these actions, Peru will continue promoting an intense information campaign at the international level about the Peruvian position and about the anti- Peruvian education campaign carried out in Ecuador "which is harmful not only for the future of bilateral negotiations but for continental integration."

He added that with Chile continued efforts will be made to achieve the full implementation of the 1929 Treaty and its complementary protocol through a prompt and proper delivery of the establishments and areas built for the service of Peru in Arica.

Pandolfi said: "We will thus continue to strengthen our bilateral ties at all levels, particularly regarding trade and investments."

He stated that with Bolivia, Peru will seek to strengthen bilateral ties with the objective of achieving an eco-

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nomic complementation by promoting Bolivian exports and imports through Peruvian port facilities.

Pandolfi remarked: "We seek the same objective in our ties with Brazil, particularly regarding neighboring regions. The establishment of effective bioceanic corridors will increase international interest on Peru as an access to the Pacific Ocean."

In his first briefing to Congress Pandolfi addressed the issue of multilateral ties. In this regard, Pandolfi stressed the importance of Peru's participation in Pacific Rim organizations, such as PBEC [Pacific Basin Economic Council] and PECC [Pacific Economic Cooperation Conference], as well as its admission in working groups on fishing and tourism of the Asia-Pacific Economic Cooperation, which Peru hopes to join as a full member.

He also said that there are great expectations centered on the Andean Community and the Rio Group.

Prime Minister Alberto Pandolfi acknowledged yesterday that the eradication of poverty in Peru will be possible only by achieving a permanent solution to the unemployment problem and by developing "popular capitalism." He added that the administration is making efforts to guarantee favorable macroeconomic conditions to promote the development of private initiative.

In addition, he said the administration is also implementing social investment programs to increase the income and consumption levels of the population. He said the administration is also making specific investments in human capital and technological development "with the purpose of building a modern, and efficient society of the future in order to meet the challenges of the next century."

In view of this, it has established a food program that will benefit 600,000 malnourished children; a program for the distribution of 2.6 million breakfasts among preschool and primary school children from low income sectors; the continuation of the Glass of Milk program and an aid program for over 14,000 Mothers' Clubs soup kitchens and food cooperatives.

During his congressional briefing, Pandolfi stated that there is an investment program totalling about 15 billion soles for the 1996-2000 term.

He said that out of this sum, 2 billion soles will be allocated to construction, rehabilitation, and equipment of 12,000 school rooms serving 3 million students; 500 health centers and 750 medical centers.

Pandolfi remarked that the effort made at the social level will help reduce extreme poverty from the 22 percent that was recorded in 1991 to 11 percent by the year 2,000.

In his briefing to congress, Pandolfi said that during this same period the illiteracy rate would have been reduced from 11 percent to 9 percent; infant mortality rate from 55 to 34 out of every 1,000 live births; the average chronic infant malnutrition rate would have been reduced from 48 percent to 34 percent; and the maternal mortality rate from 261 to less than 100 per every 100,000 mothers.

The administration will invest over 6 billion soles to increase running water services from 64 percent to 80 percent of the population and sewage systems from 60 percent to 75 percent of the population.

Regarding housing, Pandolfi announced the construction of 20,000 apartment houses and the granting of 380,000 credits for independent construction projects and for the construction or completion of housing constructions in over 400 townships nationwide for an overall total of about 3 billion soles.

Pandolfi also reported that small-scale irrigation programs will be developed for a total investment of 1.5 billion soles and that a similar amount will be allocated for electrification projects.

He added: "All this investment is part of the program to implement the effective decentralization of all economic activities nationwide."

He said that the redistribution of fiscal income to all Peruvian provinces and towns through the municipal compensation fund prioritizing rural and low-income city groups is based on the size of the locality and the infant mortality rate of each province.

Pandolfi said that through this mechanism, municipal and provincial districts today receive 108 percent more income that in 1993 and cities such as Huancavelica, Puno, Cusco, Apurimac, Piura, Ayacucho and Cajamarca receive between 186 percent and 306 percent more than in 1993.

He said that the heart of the construction program is what has been identified as "the foundation of modernity."

Agricultural Exports for 1 Billion by the End of the Century

Alberto Pandolfi said: The growth of the agricultural sector at an annual average rate of 9.2 percent between 1993 and 1995 and a GDP of $5 billion, make it one of the priority areas.

He asserted that one of the most important medium term objectives is for agricultural exports to total over $1 billion in the year 2000. He said: "It will compensate for the import of foods estimated at $700 million."

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He announced improvements in the infrastructure of irrigation systems by investing $171 million. He added that of this sum $154 million will be provided by the World Bank. He also reported that a loan for $300 million is being negotiated with the IDB to rehabilitate the irrigation and drainage systems.

Pandolfi announced that the issuance of the General Registration Statute and the implementation of the Rural Property Registry Program is under study.

He said that the administration will soon issue the statute for the Land Property law and that it hopes to do the same with the Law on Water Management; the Forestry Law and the Rural Property Registry.

Fishing and Energy Sectors

Prime Minister Alberto Pandolfi said that within the framework of its fishing policy, the administration will promote scientific research by improving the Ocean Institute of Peru (Imarpe). He said it will also implement regulations for fishing and fish breeding which will clearly establish valid catch quotas.

The prohibition for installing new fishmeal plants or for increasing the capacity of existing ones will be maintained. Fish breeding and subsistence fishing in all its forms will be promoted by granting it proper infrastructure, financial resources and technical training.

Moreover, until the year 2000, the public and private sector will jointly invest over 2.8 billion in the generation, transmission, distribution and expansion of the electricity network.

The new Tarapoto, Tumbes, Mollendo, Pucallpa and Iquitos power plants will be finished.

In the hydrocarbons sectors, Pandolfi said that a total of 32 oil contracts (17 oil exploration and 15 oil exploitation contracts) have been signed. He said this represents a minimum investment of $1.045 billion. He added that throughout the rest of the year, the government expects to sign a total of 13 oil exploration contracts which will generate an investment of $350 million in the next seven years.

Pandolfi explained that negotiations for the signing of a license contract for the Camisea gas exploitation project continue. This project will generate an investment of $2.2 billion during a seven-year period.

In the Year 2000 Peru Will Receive 1 Million Tourists

The prime minister stated that by the year 2000, Peru will receive 1 million tourists "because the development of tourism in Peru is one of the administration's main goals for being an excellent source of jobs and helps to achieve decentralization."

He added that for the fourth consecutive year, it is estimated that in 1996 tourism will increase an annual average of over 20 percent and that on the basis of this figure it is estimated that there will be one million tourists by the year 2000.

Pandolfi said that in the last few years, over $300 million have been invested in the construction of hotels. He added: "To achieve this goal the government established temporary income and property tax exemptions. In addition, the government has arranged the expeditious depreciation of those hotel lodgings that start their reconstruction before then end of 1998."

Peru: Ecuador Said To Urge MOMEP To Expand DMZ

PY1005034596 Madrid EFE in Spanish 1850 GMT 9 May 96

[FBIS Translated Text] Lima, 9 May (EFE) — Citing Peruvian Government sources, the Lima newspapers today reported that Ecuadoran Government officials are exerting pressure on the Ecuador-Peru Military Observers' Mission (MOMEP) to expand the demilitarized zone [DMZ] on the common border, which today comprises 528 km.

The Lima newspaper EL SOL reported that the Ecuadoran Armed Forces have asked the MOMEP, which comprises the guarantor countries of the Rio de Janeiro Protocol (Argentina, Brazil, Chile, and the United States), for an area 10 times larger than the current zone, arguing that Peru has not fulfilled its commitment to demobilize its troops in the demilitarized zone.

The Lima press also reported the existence of a restricted document in which Peru officially replies to this Ecuadoran proposal and rejects any possibility of expanding the current demilitarized zone. The Peruvian answer states that any discussion on this matter must be made through political, and not military, channels.

Ecuador keeps pressuring internationally for MOMEP's work, the term of which will end on 12 June, to be extended to other zones on the border that were not involved in the 1995 conflict, according to sources cited by the press.

It also demands the demobilization of Peruvian troops in border posts located between the line of the demilitarized zone and the confluence of the Yaupi-Santiago rivers.

According to the government source, this request represents a new attack on Peruvian sovereignty and seeks

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to leave the zone "clean", although Ecuador has 10 battalions, 30 heliports, three airports, and two airdromes in that zone, the press says.

"All troops who were mobilized to the border zone have returned to their respective bases, in accordance with the commitment assumed by Peru, but now Ecuador wants the demobilization of troops from the El Milagro military base, which is located 300 km from the demilitarized zone," the source said.

According to the Ecuadoran petition, the demilitarized zone would be a rectangle of almost 5,000 square kilometers that would include, on the Peruvian side, territory in the east up to the Yaupi River; in the west to the Ampama sector; and in the south from Jimenez Banda to the crossing point, toward the southwest, of the Morona River.

In exchange, the Ecuadoran base of Patuca would not be affected because it is outside the area proposed by Ecuador, but would include the military base of Gualaquiza, according to EL SOL.

Peru and Ecuador are currently negotiating peace and the solution of the border differences following the undeclared war they waged from 26 January to 28 February 1995, which ended with the signing of the Itamaraty Declaration, endorsed by the guarantor countries of the 1942 Rio de Janeiro Protocol.

Peru: Congressman Says Argentine Ties 'Not Jeopardized'

PY0905205096 Madrid EFE in Spanish 2041 GMT 6 May 96

[FBIS Translated Excerpt] Lima, 6 May (EFE) — Victor Joy Way, First Vice President of the Peruvian Congress, said today that reports on the sale of Argentine weapons to Ecuador during the 1995 war along the Cenepa River "have not jeopardized relations between Peru and Argentina."

Joy Way said he has received a document from the Argentine Chamber of Deputies asking Argentine Defense Minister Oscar Camilion for a detailed report on said weapons sale.

He added that only upon reading the report will he be able to give an opinion on the matter. He said: "For the time being we are awaiting the results of investigations by the Argentine Government." [passage omitted]

Peru: Documents on Alleged Ecuadoran Espionage Released

PY0905205296 Madrid EFE in Spanish 1908 GMT 5 May 96

[FBIS Translated Text] Lima, 5 May (EFE) — On 5 May, a Peruvian television station released documents and photographs obtained by the Peruvian National Intelligence Service (SIN) that confirm spying activities by Ecuadoran military officers in this country.

Frecuencia Latina Television Network displayed a photograph in which Peruvian citizen Felix Camizan is seen next to an officer and an agent of the Ecuadoran intelligence service. The photograph was taken in the Ecuadoran town of Machala.

It also showed an internal document, from the Imbambura Battalion of the Ecuadoran Army, in which an officer of that unit informs his superiors about the recruitment of Camizan as a Peruvian "informer."

Those documents were obtained by the Peruvian intelligence services with the cooperation of an Ecuadoran Army officer, as reported by the television network, which cited military sources.

Frecuencia Latina also reported that the case of an active member and another retired officer of the Peruvian Navy — who were also accused of spying for Ecuador — is different from that of Camizan, and that the role of the first, Agustin Cruz, was to collect information, while the latter, Olger Moran, was to take it to the Ecuadoran officers.

The Lima newspaper EL SOL confirmed the same report and, citing Navy sources, said the arrested individuals could be sentenced to 25 years for the crime of "treason to the fatherland by spying."

The newspaper says Cruz and Moran were paid $200 each for piece of each information they delivered.

The morning newspaper said the information they sent referred to troop movements, the exact situation of military personnel, and information on the Peruvian Naval fleet armaments.

Uruguay

Uruguay: Tupamaros Say Seregni Involved in Revolution

PY0605131496 Montevideo EL PAIS in Spanish 27 Apr 96 p 9

[FBIS Translated Excerpt] The leadership of the MLN Tupamaros [National Liberation Movement Tupamaros] has emphasized that their movement was "leftist and

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part of the Broad Front" before the appearance of retired General Liber Seregni. The Tupamaros challenged the former Broad Front leader to propose the expulsion of their political movement from the leftist coalition if he considers that the movement is — as he claims — "anti-Front" and harmful to its interests.

Tupamaro followers harshly criticized Seregni's remarks on 25 March, which were reproduced by EL PAIS yesterday, saying that MLN followers "are not and never have been part of the Broad Front."

Tupamaro leaders Julio Marenales, Jose Mujica, and Eleuterio Fernandez Huidobro acidly criticized Seregni in interviews with local radio stations in the past few hours and on the occasion of the tribute paid to late Tupamaro leader Raul Sendic at MLN headquarters on 26 April. The MLN leaders denounced the existence of a military pact in 1971 between the Broad Front and the MLN, then in the underground, to resist an eventual coup d'etat that was being organized.

The three leaders, who are members of the MLN Tupamaros Central Committee, stated their agreement with the theory proposed by Fernandez Huidobro from the weekly MATO AMARGO maintaining that Gen. Seregni is implementing a strategy that seeks "to demolish Tabare Vazquez's figure." [passage omitted]

"The Chuchomeco"

Referring to Seregni's remarks that Tupamaros "are not and never have been a part of the Broad Front," Deputy Mujica said: "The general cannot stop being a general. He was trained that way. A high-ranking officer will never intrinsically accept hard criticism from a subordinate as if he were an equal. It is a professional defect. I can accept that. I argued with my father and my mother but that was no reason to stop loving them."

Mujica said that Seregni considered them part of the Broad Front when in 1971 both discussed "the Chuchomeco" (a plan of military resistance by popular forces that contemplated street fights to counter the advent of a dictatorship). [passage omitted]

"In 1971 we were in the underground. We received a proposal for military action in case we had a military dictatorship," Julio Marenales said.

The Tupamaro leader said he was a member of the MLN Column 7 that operated in Canelones when he received a "very concrete" proposal. "We were told that there was a general plan for the defense of the institutions and that we had the responsibility of defending the perimeter of Military Air Base 1," Marenales said.

The MLN leader added that the answer of those leading Column 7 was: "We will conduct the studies, but in order to show that everyone is serious about it and that they will bring us a truck with explosives and a truck with arms."

"We never saw the trucks," Marenales commented.

"1971 Revolution"

About this episode Tupamaro leader Eleuterio Fernandez Huidobro said yesterday: "In 1971 he (Seregni) coordinated military actions with me. We organized the 1971 revolution with Seregni. That revolution was to be staged here, but nothing came of it because the Broad Front did not find the situation appropriate."

Fernandez said "the MLN Tupamaros and Gen. Liber Seregni coordinated military actions" to resist a possible coup d'etat.

"We were supposed to take over Air Base 1. I had to deploy my troops on Neptunia Street in order to stop any military group coming through the Interbalnearia Avenue toward Montevideo. The city was going to be up in arms," Fernandez Huidobro said. [passage omitted]

Venezuela

Venezuela: U.S. Operation in Trinidad Criticized

PA0805223496 Caracas EL UNIVERSAL in Spanish 6 May 96 p 1-13

[FBIS Translated Text] Caracas — "A military operation in Trinidad and Tobago should put the Venezuelan Foreign Ministry on the alert since it is taking place in an area close to our country, with all the risks that implies," Radames Larrazabal, leader of the People's Electoral Movement (MEP), warned.

With the war on drugs as a pretext, the Pentagon carries out military operations to train other forces, Larrazabal explained.

"Over 150 men, carrying sophisticated equipment, are the protagonists in Trinidad and Tobago of Operation Winward, which has already been the target of protests by the Brazilian government."

According to the MEP leader, the National Armed Forces suspects that the United States will reportedly take advantage of the occasion to reactivate the "Chaguaramas" military base, which it has maintained on the Caribbean island since World War II.

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